Weekend FT

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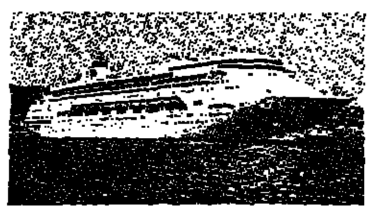
The wild bear and the circus of Europe

The Cold War is over, the forces of history unfrozen. **Denis Healey**, the former British foreign secretary, looks back to the future *Page I*

Art of survival

Max Loppert on how the real English vice afflicts opera.
Antony Thorncroft on the 60th anniversary celebrations of the Sadlers Wells theatre London involving ballet (left), opera and theatre *Page XIV*



Princess of the seas

Andrew Anderson takes to the waves on the latest, biggest, ritziest super-liner *Page X*

Daredevil baronet

Christian Tyler meets Sir Ranulph Twisleton-Wykeham-Fiennes *Page XVI*

EUROPE'S BUSINESS NEWSPAPER

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WORLD NEWS

Kaifu bows to pressure for reshuffle

Toshiki Kaifu, Japan's prime minister, is expected to reshuffle his cabinet today, following weeks of intense politicking inside the ruling Liberal Democratic Party.

Mr Kaifu, who wanted to postpone the changes, is bowing to pressure from the heads of factions which make up the LDP and who like frequent reshuffles to reward supporters. Page 2

African famine appeal

The United Nations issued an urgent appeal for food aid to avert a huge famine brought on by wars and drought across Africa. Page 2

Ship captain dies

The captain of a Norwegian ship died and three others were in hospital last night after the 644-ton Jarita sank off southern England.

Chinese ministers go

Two senior ministers in China's government – Wang Fang, the public security chief, and Zheng Tuobin, minister of foreign economic relations and trade – have been replaced. Page 2

Spacecraft tumbling

A Soviet spacecraft tumbling out of control will re-enter Earth's atmosphere in a few weeks but should burn up and pose little threat to anyone on the ground, the Glavkosmos space agency said.

Black groups may unite

The militant Pan Africanist Congress said it had been holding talks with the African National Congress about joining forces in a united front against apartheid. Page 2

Policemen held hostage

About 2,000 minority Ossetians in Soviet Georgia held a group of policemen hostage, forcing authorities to free a detained Ossetian, Tass reported.

Argentine graves visit

Argentina and Britain announced that relatives of Argentine soldiers who died in the 1982 Falklands conflict are to visit war graves on the islands in February. Page 3

Troops quell protests

Several hundred Indian soldiers were sent into Srinagar and a curfew was imposed to halt the demonstrations called by Kashmiri militants fighting to be rid of Indian rule.

Rushdie stands by book

Salman Rushdie said he believed it was important that The Satanic Verses remained in circulation. His comments, on a BBC World Service programme broadcast to Iran, came just days after he agreed not to publish it in paperback.

Nigeria warns students

Nigeria's military government has warned students and other discontented groups against disrupting national reform programmes with demonstrations.

Polish appointments

Polish president Lech Walesa announced his first personnel appointments. Senator Jaroslaw Kaczynski becomes head of the presidential office and Parliamentary Deputy Jacek Merkel is minister in charge of security and defence.

Tyson fights in court

Mike Tyson has filed a lawsuit in an attempt to challenge world heavyweight boxing champion Evander Holyfield. The former champion claims boxing organisation rules were violated when he was denied a rematch with James Douglas.

BUSINESS SUMMARY

Key US index declines sharply again

The US appears to be facing a deeper-than-expected recession following the fifth successive monthly decline in the Commerce Department's index of leading economic indicators.

The composite index, designed to predict economic turning points, fell 1.2 per cent in November, twice as much as analysts had anticipated.

The news appeared to unsettle the dollar, which closed $1.30 lower against sterling at $1.922 in very light London trading. Wall Street, however, was shrugging off the economic data at mid-session, with the Dow Jones Industrial Average off 6.43 at 2,619.06. Page 22; Currencies, Page 11; World stocks, Page 19

NISSAN dealers in Britain said the Japanese car maker's announcement that it was cutting links with its privately-owned UK importer was hurting their sales. Page 22

PRONUPTIA, British wedding gown retailer, said it planned to tie the knot with Cupid, a leading UK manufacturer and wholesaler. The union is worth up to £3m. Page 22; A marriage made in boardroom heaven, Page 8

CS HOLDING, parent company for the Credit Suisse group, dismissed reports that an adverse ruling by the Swiss Federal Tribunal regarding its capital reserves could cause serious problems for the big Swiss bank. Page 10

BARCLAYS, UK clearing bank group, announced that it had agreed to pay Crédit Commercial de France FFr1.5bn (£153m) for L'Européene de Banque, based in Paris. Page 8; Lex, Page 22

GUINNESS, UK drinks group, agreed to buy a 50 per cent shareholding in Bundaberg rum – Australia's largest selling spirit – from Carlton and United Breweries. The price was not disclosed. Page 8

AUSTRALIAN Securities Commission, a strengthened corporate watchdog, will begin work on January 1 after the last of the country's eight states and territories passed legislation allowing it to operate. Page 2

UK INSTITUTE of Directors warned businesses that they could no longer rely on the traditional counter-recession weapons of rate cuts to stimulate activity and devaluation to maintain international competitiveness. Page 5

REDUNDANT workers in the south-east are much more likely to be offered career counselling by their employers than those in the north, a KPMG Career Consultancy survey says. Page 5

MILLICOM, New York-based telecommunications company, and Belle Mead International Telephone of New Jersey have won contracts to develop cellular telephone services in the Soviet Union. Page 10

UNITED Industrial president Oei Hong Leong said he had sold the bulk of his stake in the Singapore conglomerate to Liem Sioe Liong, an Indonesian investor, for S$291.2m (£87.7m). Page 10

RETAIL prices in Tokyo rose 3 per cent this year, the highest increase for eight years. The rise was attributed to higher oil prices and Japan's labour shortage. Page 2

GERMANY's economic ministry said more than 226,000 new private businesses had been registered in eastern Germany in the first 10 months of 1990, more than a quarter of them in depressed Saxony.

UK reservists called up as US sends more ships to Gulf

By David White and Alison Smith in London and **Lionel Barber** in Washington

THE FIRST compulsory call-up of British reservists for 25 years was ordered yesterday.

Four hundred former British army personnel and spare-time airmen are being enrolled to support the deployment of troops in the Gulf.

While Mr Tom King, the defence secretary, used his call-up powers, the US was taking further steps to prepare for war with Iraq, announcing plans to vaccinate US troops against germ warfare, and dispatching 17 more warships to the Gulf.

With the military build-up continuing, the US State Department accused Iraq of blocking agreement on high-level talks between Washington and Baghdad ahead of January 15, when the United Nations deadline requiring Iraq to withdraw from Kuwait expires.

In spite of the charge, US diplomats were exploring whether President Saddam Hussein's call for a "serious and constructive dialogue" foreshadowed a fresh diplomatic initiative or simply amounted to a delaying tactic ahead of the UN deadline.

The call-up notices sent out yesterday in the UK were the first since 1965, when a small number of reservists were mobilised for special duties in Aden, Borneo and Cyprus. Yesterday's measure was the largest call-up by Britain since the Suez crisis in 1956.

Although more than 700 reservists volunteered for med-

Spain offers to treat casualties ....Page 2

ical duties, the Ministry of Defence is seeking 250 more from the Regular Army Reserve, including doctors, operating theatre technicians and nurses. Letters were being sent to a greater number than needed in what officials described as "deliberate over-compensation". This would allow for some being excused on grounds of hardship.

A 140-member squadron of the Royal Auxiliary Air Force is also being called up to provide casualty evacuation facilities. Unlike the army reservists, who are ex-servicemen with obligations under their enlistment contracts, these are voluntary part-timers.

The unit involved, No. 4626 Aeromedical Evacuation Squadron, is based at Hullavington, Wiltshire. It is expected to operate principally with VC-10s and Tristars flown by RAF pilots.

The total number of reservists required, including volunteers, has been set at 1,100, although Mr King said initially that "up to 1,500" were wanted.

These call-up figures compare with 127,292 US reservists called up to serve with the US army, navy, marines and air force since the outbreak of the Gulf crisis.

Mr King said he was "very encouraged" by the number who reported on Wednesday to offer their services. "Most of our additional needs have been met by these volunteers but we still need some extra reservists and it is for this purpose that the call-out letters have been issued."

Most of the reservists are expected to serve in the Gulf after refresher training courses but some will act as replacements in medical units in the UK and Germany.

Mr Archie Hamilton, the armed forces minister, said reservists with "particular problems" would be treated very sympathetically.

He emphasised, however, that the basis on which people had done their service originally was that they would be available in emergencies.

The latest US deployment means that more than 430,000 US soldiers, sailors and airmen should be in place by January 15.

The Bush administration is braced for a possible Iraqi diplomatic gambit following this week's consultations in Baghdad between Mr Saddam and more than 20 Iraqi ambassadors from western and other capitals.

However, the US State Department reported yesterday that for the second day running, Mr Joseph Wilson, the senior US diplomat in Baghdad, did not discuss a date for Mr James Baker, US Secretary of State, to come to Iraq.

The high-level mission, coupled with a proposed visit to Washington by Mr Tariq Aziz, the Iraqi foreign minister, has been on hold for almost a month, and is widely seen as the last chance for a peaceful solution to the crisis.

Employers calm over prospect of losing staff

Financial Times Reporters

EMPLOYERS in the UK appeared sanguine yesterday about the prospect of losing employees called up or volunteering for service in the Gulf.

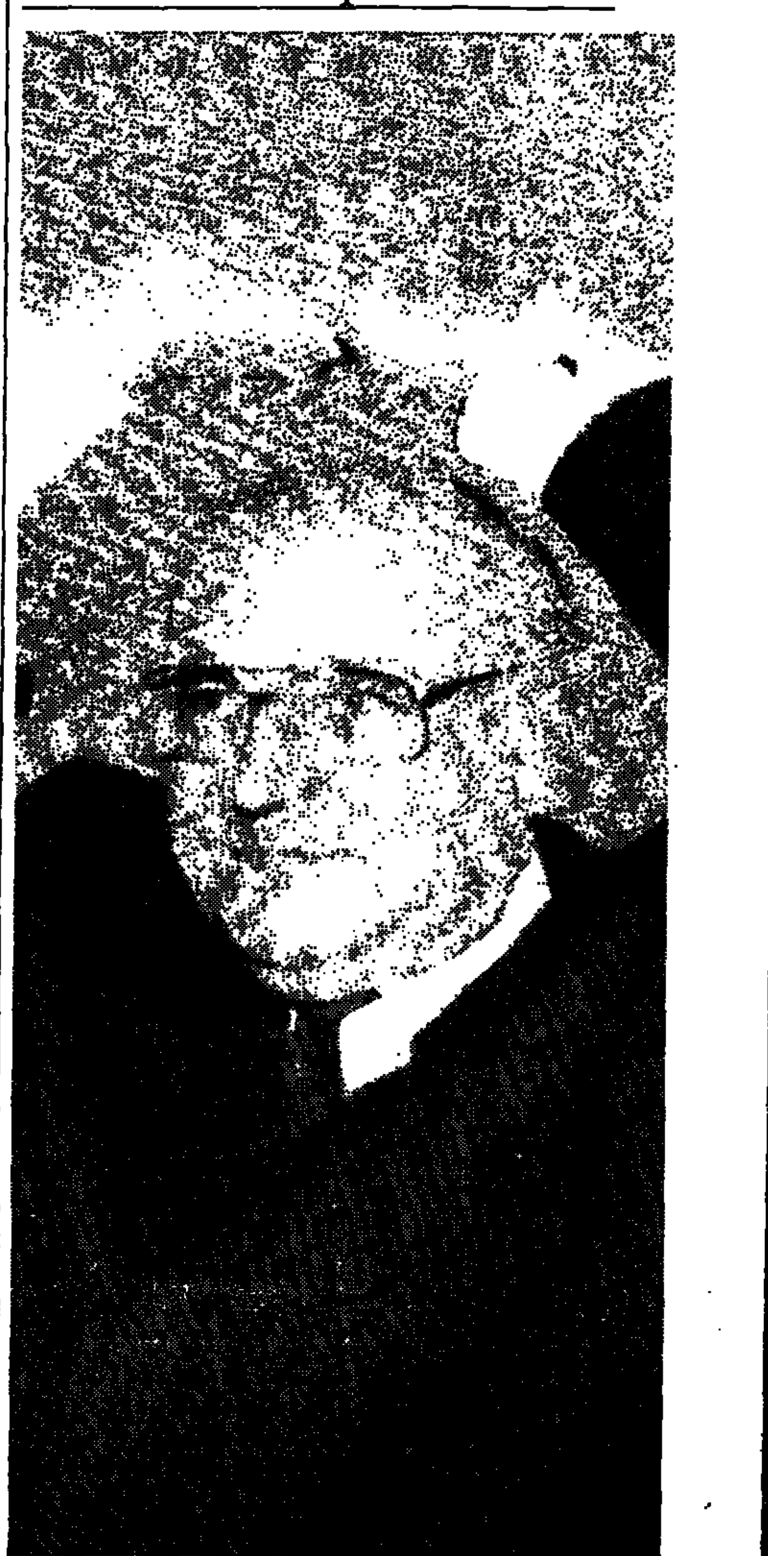
Barclays Bank said it would ensure that any reservists on its staff called up or volunteering for medical duties did not lose out as a result.

Last week the bank's regional personnel chiefs were told that, although absence for Gulf service would count as unpaid leave, it would make up the difference if service pay and allowances fell short of an employee's normal salary. Employers are obliged to hold jobs open but not to maintain salary payments.

Serving reservists receive daily pay from the Ministry of

Continued on Page 22

Year of triumph for Kohl



Chancellor Helmut Kohl has been swept triumphantly into the history books during 1990 and becomes the FT's Man of the Year. David Marsh talks to the German leader about the challenges now facing Europe. Page 6

Modest rise in UK house prices forecast

By Andrew Taylor, Construction Correspondent

UK HOUSE prices are forecast to recover by about 5 per cent next year after the sharpest falls in more than 50 years in parts of southern England, according to two of the country's largest mortgage lenders.

The forecasts made yesterday by Halifax and Woolwich building societies depend upon interest rates being cut by at least a further two percentage points early next year.

Prices in East Anglia and the south-east have fallen by up to a fifth since 1988, Halifax said.

The number of annual house sales dropped from a peak of 2.5m in 1988 to an estimated 1.4m this year. The society forecast that sales would rise only modestly to about 1.8m this year provided interest rates came down.

It said: "Given the fall in house prices that has taken place in the south of England and the rise in incomes over the past two years, houses have now become more affordable." Base rates would have to fall from 14 per cent to 12 per cent before any improvement.

"If interest rates do generally fall over the next few months, this should restore confidence and release the pent-up demand which has been building for the past year or so as people have delayed their house purchase decision," the society said.

It appealed to the government to raise the ceiling on loans eligible for mortgage tax relief from £30,000 to £65,000.

House price rises in Scotland and parts of the north, although slower since 1989, had offset price falls in the south. This meant prices nationally were nearly unchanged on last year, said Halifax.

End of a grim year, Page 5
Lex, Page 22

News Corp considering sale of $2bn of assets to reduce debt

By Raymond Snoddy

MR RUPERT Murdoch's News Corporation is considering sale of "non-core" assets worth about $2bn (£1bn) over the next three years to reduce debt. They could include his 50 per cent stake in Ansett Transport Industries of Australia.

A list of possible disposals with estimated values has been outlined in an internal memorandum drawn up by one of the main banks planning to support a $6.8bn re-financing package and $600m bridging loan for News Corp.

About 150 banks are involved in trying to put together the package which has been made necessary by the pressure of debts totalling more than $8bn. Bankers suggest the group's bank borrowings need to be renegotiated to ensure the group's survival.

The businesses listed as "non-core" and therefore potentially disposable to meet the business plan include: Australian print interests; Daily Racing Form, the US horse racing bible; Australian newsprint mills; Ansett; and DeLux Laboratories, the US film laboratories which has recently been sold for more than $130m. News Corp recently sold its UK newsprint business, Townsend Hook for an undisclosed sum which was less than $100m.

The aim would be to use $500m from the disposal proceeds to meet $792m worth of maturing public securities and the rest to reduce debt.

The co-ordinators of the Murdoch re-financing, Citibank of the US and Samuel Montagu, believe the progress of the negotiations on the refinancing has been "encouraging" and hope to complete the package by the middle of January.

Agreements in principle have already been reached covering more than 80 per cent of the money and none of the banks have finally said no. A small number, it is believed, have refused for a time but been persuaded to change their mind.

Banks are already rolling over maturing debt in anticipation of a deal and agreement has been reached to roll over three major loans involving several hundred million dollars which fall due next Monday.

An internal memorandum from one of the banks advised that the co-ordinators from Citibank and Samuel Montagu considered the refinancing proposals feasible and acceptable. The co-ordinators have made it clear, according to the memo, that no bank would be allowed to "abandon ship" and not take part in the refinancing.

"We have been advised by a senior executive of Citibank that if necessary the major banks will exercise every possible measure to ensure the agreement of *all* the banks involved," the memo says.

The authors of the memo say the proposals are acceptable to them because News Corp is among the leaders in the markets in which it operates and that its trading performance across the board is satisfactory with the exception of Sky Television "although this burden has been somewhat alleviated" (because of the BSB merger.)

MARKETS

STERLING
New York lunchtime:
$1.9235
London:
$1.922 (1.889)
DM2.8775 (2.8925)
FFr9.7975 (9.8325)
SFr2.4575 (2.4675)
Y259.5 (257.75)
£ index 93.2 (93.0)

GOLD
New York: Comex Feb
$396.2 (387.6)
London:
$382.5 (382.5)

N SEA OIL (Argus)
Brent Feb
$26.75 (26.36)

Chief price changes yesterday, Page 22

DOLLAR
New York lunchtime:
DM1.4955
FFr5.0855
SFr1.277
Y134.95
London:
DM1.4975 (1.531)
FFr5.0975 (5.205)
SFr1.278 (1.306)
Y135.05 (136.4)
$ index 61.5 (62.2)
Tokyo close: Y136.05

US LUNCHTIME RATES
Fed Funds 6¾%
3-mo Treasury Bills:
yield: 6.647%
Long Bond:
104$\frac{1}{32}$
yield: 8.287%

STOCK INDICES
FT-SE 100:
2,160.4 (−7.4)
FT Ordinary:
1,685.2 (−2.6)
FT-A All-Share:
1,038.43 (−0.3%)
New York lunchtime:
DJ Ind. Av.
2,619.06 (−6.43)
S&P Comp
327.63 (−0.66)
Tokyo: Nikkei
23,848.71 (−91.99)

LONDON MONEY
3-month interbank:
closing 13$\frac{11}{16}$% (same)
Liffe long gilt future:
Mar 88$\frac{7}{32}$ (88$\frac{7}{16}$)

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INTERNATIONAL NEWS

Faction leaders force cabinet moves on Kaifu

By Stefan Wagstyl in Tokyo

MR TOSHIKI KAIFU, the Japanese prime minister, is expected to reshuffle his cabinet today, following weeks of intense politicking inside the ruling Liberal Democratic Party.

Mr Kaifu, who wanted to postpone the changes, is bowing to pressure from powerful party bosses who head the factions which make up the LDP and who like frequent reshuffles to reward deserving supporters with government jobs.

However, the reshuffle will have little influence on policy, since key ministers and senior LDP officials are expected to stay in place – including Mr Kaifu himself, Mr Ichiro Ozawa, the LDP secretary general, Mr Ryutaro Hashimoto, the finance minister, and – probably – Mr Taro Nakayama, the foreign minister.

Mr Nakayama's position is in doubt because his own faction wants him moved to give another faction member the chance of securing a top post.

Mr Kaifu would like to keep as many ministers in place as possible in order to reinforce his own position.

Mr Kaifu last reshuffled his cabinet shortly after he won the general election held in February this year. Since then his popularity has declined because of failure to form a coherent Japanese response to the crisis in the Middle East. This weakened his position vis-a-vis the LDP's faction leaders, including Mr Noboru Takeshita, a former prime minister, and Mr Shin Kanemaru, a former deputy prime minister – the two most powerful figures in the party's largest faction.

However, the fact that Mr Kaifu's own job is not in doubt shows that he is still useful to the party. He was chosen for his clean political image in the summer of 1989 to restore the LDP's reputation in the wake of the Recruit financial scandal. In recent weeks, the emergence of a new scandal involving Mr Mitsuhiro Kotani, a stock market speculator, has silenced those party leaders who argued Mr Kaifu had outlived his usefulness.

This week the LDP agreed on a programme of political reform by which Mr Kaifu has set great store.

Mr Kaifu is determined to resist pressure to end a ban imposed after the Recruit affair on scandal-tainted politicians entering the cabinet. Some party bosses want him to start bending the rules in order to revive the careers of several influential politicians.

Meanwhile, in a dramatic turn of events, Mr Takeo Nishioka, the chairman of the LDP's executive council, was yesterday expelled from his faction for refusing to step down from his position.

Mr Nishioka is a close associate of Mr Kaifu, even though the two men are from different factions. ● The LDP and the government yesterday agreed the final details of the budget for the next financial year which starts in April. Spending will total Y70,000bn (£274bn).

Tokyo prices climb 3%

By Robert Thomson in Tokyo

CONSUMER prices in Tokyo rose 3 per cent this year, the highest increase for eight years, according to a preliminary report from the Management and Co-ordination Agency, which blames the rise on higher oil prices and Japan's labour shortage.

Tokyo's price index, seen as a leading indicator of national trends, this month stood at 109.9, a fall of 0.1 per cent from November, when nationwide apparently peaked. The index has a base of 100 for the year 1985.

The agency said Tokyo food prices rose 4.3 per cent during this year, clothing and footwear increased 3.8 per cent, and housing costs were up by 3 per cent.

While the increase for this year averaged out at 3 per cent, the figure for December was 3.6 per cent higher than the same month last year. The agency also said that the national consumer price index was 108.9 at the end of November, down 0.4 per cent from October, but up 4.2 per cent on the same month last year.

FAO urges early action to avert Ethiopian famine

By Michael Holman, Africa Editor

FEARS of a repetition of the Ethiopian famine of 1984-85 were reinforced yesterday when the UN Food and Agriculture Organisation appealed for "early action" by the international community if widespread suffering was to be averted.

Up to 1m Ethiopians are thought to have died in the last famine, and many more would have perished without a rescue operation by governments and aid organisations.

"We appeal to the developed countries not to let domestic economic constraints and concern for the problems of eastern Europe divert their attention from the food needs of millions of Africans," the FAO said in a statement issued in Nairobi.

Its warning is the latest in a series of reports from Africa stressing the gravity of the situation in Ethiopia, Sudan, and elsewhere on the continent. Britain's Disaster Emergency Committee, made up of seven aid agencies, is due to launch a "Crisis in Africa" appeal early next month.

The combination of civil war and drought in Sudan, as well as Ethiopia, has left up to 15m people in the region in urgent need of help. The FAO calculates that Sudan needs about 1m tonnes of food, while the Ethiopian provinces of Tigray and Eritrea require 985,000 tonnes: "Only early action will avert food shortages and widespread suffering in 1991."

The FAO also called for assistance to Mozambique, Angola and Liberia, where civil wars have left millions of people at risk. Half of Mozambique's 16m population faces starvation or acute deprivation, as do nearly 2m people in southern Angola. Some 500,000 Liberians also need food.

The FAO also warned that other parts of Africa face difficulties. "Drought has reduced harvests in all of the countries bordering the Sahelian zone, from Mauritania in the west to Sudan and Ethiopia in the east, while civil strife continues in a number of countries," said the FAO. "This means that Africa below the Sahara will need substantial increases in food aid in 1991."

A further indication of the problem came yesterday when a report by the Southern African Development Co-ordination Conference said "delayed and below normal rainfall has adversely affected planting of maize and other major staple food crops throughout much of the region."

It said 1990-91 food production in the 10 SADCC countries – Angola, Botswana, Malawi, Mozambique, Namibia, Lesotho, Swaziland, Tanzania, Zambia and Zimbabwe – would be "average to much below average".

The overall food surplus in the SADCC declined to 333,500 tonnes of maize equivalent in November from 638,000 tonnes in September, the report said. Although Tanzania, Zimbabwe and Zambia have a surplus, the other seven countries have moderate to serious shortfalls and the region will need to import of 2.35m tonnes of maize or its equivalent.

Palestinian youths march in the West Bank to mark Fatah Day, the date of the founding of Yassir Arafat's PLO faction 26 years ago

Fears of new Jewish underground group

By Judy Maltz in Jerusalem

THE shooting of a Palestinian family in the occupied West Bank has raised suspicions that a new Jewish underground group may be operating in Israel.

A previously unknown group called the Zionist Avengers said it carried out the attack, in which a family of three, including a one-year-old child, were severely wounded.

The attack was condemned by left and right. Mr Moshe Arens, defence minister, said: "I vigorously condemn last night's incident. This was a criminal act, and the security forces will do everything to catch the criminal and severely punish him."

According to one of the victims, Ms Ibtisam Amro, a man in army uniform and a skullcap fired 15 bullets at their car as it was making its way to Hebron. The attack took place just one day after the last three members of a Jewish guerrilla group, convicted of killing and maiming Arabs in 1984, were released from prison. The 25-strong group had shot several Arab mayors in the West Bank, attacked mosques and killed students in the Islamic College.

Israeli President Chaim Herzog had cut the life sentences of the three to less than seven years, drawing harsh criticism from dovish Israelis. Upon his release, the group's leader, Menahem Livni, expressed no regrets for his actions.

Many Israelis and Arabs feared the early release of the prisoners would encourage further violence against Arabs.

Mr Yossi Sarid of the Citizen's Rights Movement maintained yesterday that the shootings were linked to the release of the guerrilla group members. "We are receiving as heroes men who murdered in cold blood innocent people. What is so surprising then if other people want the same status as heroes?" he said.

● Some 7,000 Soviet Jewish immigrants were expected to arrive in Israel over the weekend, with the immigration toll for this year projected to top 186,000.

Spain offers to treat Gulf war casualties

By Tom Burns in Madrid

WESTERN casualties in a Gulf war could be treated in Spain under the terms of a wide-ranging commitment of logistical support given by the Madrid government to its allies in the Western European Union (WEU).

The extent of the Spanish offer, the details of which were published by the newspaper El Mundo yesterday and were independently confirmed by diplomats, are likely to cause considerable controversy. The government has so far maintained a low profile in the Gulf crisis and has officially limited its response to sending three naval vessels to aid the allied sea embargo on Iraq.

Additionally, however, it has committed up to six ships to transport troops and military equipment to the Gulf. The departure of the first of these, a holiday cruise liner due to take 700 French troops aboard at Toulon, was delayed for 24 hours earlier this week when the crew struck for extra pay.

Spain has also put four air force Hercules transporters on standby. According to some unconfirmed reports, the aircraft have already flown missions from the UK, delivering Rapier missiles and other equipment to British troops in the Gulf.

Spain's undertakings to the WEU also include 5,000 chemical warfare uniforms that have been handed over to Britain and France and the promise that 1,500 hospital beds will be made available in Spain for western casualties.

Three hundred of these beds are in special units designed for chemical warfare victims that were first used by Iranians treated in Barcelona during the Iran-Iraq war.

The government has reiterated that Spain does not intend to commit ground troops to the Gulf, but El Mundo's report said this decision might be reviewed next month. It is understood the western allies would appreciate the presence in the Gulf of units of the Spanish Foreign Legion, stationed in the north African enclaves of Ceuta and Melilla and in the Canary Islands.

S African black groups discuss united front

THE militant Pan Africanist Congress said yesterday it had been holding talks with the African National Congress about joining forces in a united front against apartheid, AP reports from Johannesburg.

The ANC confirmed that there had been talks, but said they were "very, very preliminary".

Leaders of both organisations have said black opposition groups should confront the white-led government together, but they have many disagreements.

Mr Clarence Makwetu, the PAC president, said in a new year message that 1991 would be "characterised by the creation of a united front or patriotic front of the principal liberation movements.

"In this regard, it pleases us to announce that preparatory discussions between the PAC and the ANC for the creation of a united or patriotic front are proceeding with great promise."

Ms Gill Marcus of the ANC said there had been "very, very preliminary" discussions on the issue. She added: "Unity isn't something simply declared on a piece of paper or achieved in talks. It must be forged on the ground, in action . . . you have to have certain common basic principles."

The PAC was formed in 1960 by militants who were unhappy with the ANC, partly because of its relations with white communists.

Meanwhile, the government has agreed to assist an anti-apartheid group with the repatriation of thousands of political exiles expected to return soon.

Mr Kobie Coetsee, the justice minister, said the government had appointed two senior officials to work with the National Co-ordinating Committee for the Repatriation of South African Exiles.

The return of exiles has been a key demand by the ANC and other leading opposition groups. If the exiles begin returning in large numbers, it will help improve the climate for black-white negotiations between the government and opposition groups.

Indian PM to meet Sikh militants

SIMRANJIT Singh Mann, a Sikh leader, said yesterday Prime Minister Chandra Shekhar had agreed to meet separatist militants from Punjab in a bid to bring a peaceful end to the campaign for an independent homeland, Reuter reports from New Delhi. Mr Mann, a former policeman who spent five years in Indian jails without trial, met Mr Shekhar for nearly 90 minutes.

Political analysts saw a ray of hope in the fact that the talks were held at all. The last time the Indian government and Sikh leaders held talks was in the summer of 1985 but an agreement reached then was never implemented.

More than 3,800 people have been killed in Punjab this year compared with fewer than 2,100 last year and the rich farming state in the north has become one of the biggest political headaches for the Indian government.

Meanwhile several hundred Indian soldiers were sent into the streets of Srinagar yesterday and a curfew was imposed to halt demonstrations called by Kashmiri militants fighting to be rid of Indian rule.

Australia's corporate watchdog to start work after delay

By Kevin Brown in Sydney

THE Australian Securities Commission, Australia's strengthened corporate watchdog, will start work on January 1 after a last-minute climbdown by the conservative opposition in Western Australia.

The Western Australia Liberal Party, which controls the upper house of the state parliament, bowed to strong pressure from the party's federal leaders to pass legislation allowing the ASC to operate in the state.

The climbdown ends a year-long battle by the federal government to persuade the eight states and territories to allow the ASC to replace the National Companies and Securities Commission (NCSC).

The ASC will have stronger powers of investigation and a much bigger budget than the NCSC, a hybrid federal/state body widely thought to have failed to prevent abuses during the 1980s.

The refusal of the state's Liberals to accept the ASC had threatened a farcical situation in which companies operating on both sides of the state border would have been required to conform to two conflicting sets of corporate regulations.

Mrs Carmen Lawrence, Western Audstralia's Labor premier, said the capitulation of the local Liberals would prevent the state becoming a laughing stock. However, the Liberals said they reserved the right to leave the ASC if the party won the next state election.

The establishment of the ASC is part of a drive by the Australian authorities to repair damage to the country's business reputation caused by the activities of the 1980s generation of entrepreneurs, many of whom have subsequently gone out of business.

NZ 'confident' over Gatt talks

By Dai Hayward in Wellington

MR Philip Burdon, New Zealand's trade minister, is confident that Gatt talks will succeed when they resume in Geneva in January.

The European proposal to reduce agricultural support by 30 per cent from 1990 is significant and would be favourably received by New Zealand and other members of the Cairns Group.

The EC had been left in no doubt there would be no movement on their trade issues unless an agreement was agreed to reduce agricultural protection.

France to restore credits to China

FRANCE will restore official lines of credit for French-managed projects in China broken off last year after the crackdown on pro-democracy demonstrators, AP reports from Paris.

An Economics Ministry official said yesterday that a protocol signed last week by China and France would free loans of FFr1.3bn (£132m) to finance telecommunications and water treatment projects.

The funds will be the first official transfer from France to China since the Peking government ordered the harsh crackdown on pro-democracy activists in June 1989 at Tiananmen Square.

The French official said several subsidiaries of France's Cie Générale d'Electricité, including Alcatel, were among main contractors for the projects suspended last year.

Chinese ministers dropped

By Peter Ellingsen in Peking

TWO senior ministers in China's government, Wang Fang, the public security chief, and Zheng Tuobin, minister of foreign economic relations and trade, have been replaced. Though some diplomats say this reshuffle does not signal any real policy shift, Wang, 70, is thought to be distrusted by conservatives for allowing 1989's pro-democracy marches to get out of hand.

However, Wang kept his job last year when army officers were appointed to senior Public Security Bureau posts as it underwent an extensive overhaul, and may be retiring in part at least because of age.

His replacement, vice-minister Tao Siju, 55, a graduate of the Central Police Academy, is a party veteran of 40 years' standing with a long history in the security office, including during the Cultural Revolution. Tao, who is not a prominent figure, is a Guangdong deputy to the National Peoples' Congress, China's parliament.

The new trade minister, vice-minister Li Lanqing, is a management graduate of Shanghai's Fudan University, a former vice-mayor of Tianjin, the main seaport and industrial centre on China's east coast, and a one-time head of the Foreign Investment Department.

Zheng's retirement had been rumoured before the Peking massacre in June 1989 and the crackdown that followed. Li, his successor, is seen as an open-minded negotiator who, unlike the conservatives, recognises the importance to China of international trade and contacts.

Kuwait pledges loan of $30m

KUWAIT'S exiled ruler ended three days of talks with Chinese leaders yesterday by promising a $30m low-interest loan, AP reports from Peking.

The two sides issued a communiqué that said Sheikh Jaber Al-Sabah and Chinese officials exchanged views on the Gulf crisis.

"The Kuwaiti side expressed its high appreciation and thanks for China's principled stand against Iraq's occupation of Kuwait, hoping that China would continue its political, economic and diplomatic pressure on Iraq so as to... avoid the danger of war," the communiqué said.

China abstained on a United Nations Security Council resolution last month that authorised the use of military force against Iraq if it failed to withdraw from Kuwait by January 15.

Ershad held for 'public safety'

POLICE have told former Bangladesh President Husain Mohammad Ershad he was under house arrest "for public safety and public order" and is suspected of corruption and abusing his office, AP reports from Dhaka.

United News of Bangladesh said police had told Mr Ershad why he was detained on December 12, six days after he yielded power after eight years in office. The notice, delivered to Mr Ershad on December 24, said: "Public wrath is on you as a corrupt and power-abusing person," the agency said. "The government is fully satisfied that for reasons of public safety and public order you should be kept in detention."

Mr Ershad and his wife have been confined to a luxury home in an exclusive residential suburb under the 1974 Special Powers Act. They can be held without charge for up to 120 days; the authorities have to give reason within 15 days.

Swapo government pressed to deliver fruits of revolution

Namibia's rulers must reconcile the national interest with the demands of the party faithful, reports **Philip Gawith**

NAMIBIA, which gained its independence on March 21 amid a warm glow of international attention, now faces alone the more demanding task of reconciling the national interest with the demands of restless party faithful.

The fledgling democracy's first steps have, by common consensus, been as assured as could be hoped for. The ruling party, the South West Africa People's Organisation (Swapo), has successfully pursued a policy of national reconciliation, resisted the temptation to shower government largesse on its followers and been resolutely pragmatic in its pronouncements.

The fact that most Namibians seem to have little more to grumble about than the extravagant antics of President Sam Nujoma's motor cavalcade is probably a good sign.

But there are some difficult issues on the agenda and 1991 will be a crucial year for a Swapo government under increasing pressure to deliver the fruits of revolution, but with ever less room for manoeuvre. Deprived of the artificial boost provided first by monied South African troops, and later by the Untag peace-keeping force, the economy is likely to show up to 2 per cent negative growth in 1990 and little growth in 1991.

Nujoma: cavalcade complaints

Dr Zedekia Ngavirue, director general of the National Planning Commission, acknowledges the gravity of the government's predicament. "The greatest problem this country faces is not in the medium or long term, where I am fairly confident, but how we handle the situation between now and the end of 1991." He says the government must be seen to be making progress with such problems as settlement schemes for the approximately 40,000 refugees and the re-integration of ex-combatants into public life.

In the longer term, ministers are optimistic about the country's prospects. Despite the limitations of being a very small market, with a tiny skills base, the mining, agriculture and fishing sectors are considered to have good growth potential. A World Bank report suggests that fishing alone, with proper surveillance, could account for a doubling of GDP in the next five to six years.

At present, a familiar discrepancy exists between the government's international standing and its domestic support. There has been widespread international support for the government's performance and Namibia is now a member of the International Monetary Fund and World Bank and a signatory to the Lomé convention.

At home, however, ministers admit that disenchantment among Swapo supporters is a big political problem. Mr Hage Geingob, the prime minister, says: "They blame everything on reconciliation [the government's main policy]. They say reconciliation is the protection of the status quo."

Some observers believe the controversial appointment as chief of the army of Mr Jesus Hawaula, who is alleged to have been associated with torture of Swapo dissidents in the pre-independence period, testifies to the pressure which the government is under to appease its more hardline members.

Particularly galling for Swapo supporters was the government's decision to retain all 57,000 public servants who served under the previous administration, something which severely limited their ability to dispense patronage.

The government's emphasis on self-reliance is also difficult to stomach for those weaned on socialist thinking. This ideological flip-flop is a remarkable feature of Swapo's term of office. Swapo's leaders claim that they were never as ideologically hidebound as they were made out. Mr Theo Ben-Gurirab, foreign minister, notes: "The struggle had absolutely nothing to do with ideology. It was a struggle to get Namibia back."

The government's generally pragmatic tone is exemplified by its financial policies. Although Namibia raised R550m (£112m) at a donor's conference held in New York this year, the government is adamant that aid should only be used to get it through the transitional period, seen as extending through to 1993. The aim is to complement political independence with economic and financial independence too.

Mr Otto Herrigal, finance minister, has an easy explanation for fiscal rectitude not common in Africa. "If you want to be successful you have to apply financial discipline. That is a question of method. It is independent of any political conviction you may or may not have."

While such language should please the business community, it remain wary of the government's intentions and confidence is at a low ebb.

Mr Abel Gower, who heads the operations of the Anglo American subsidiary CDM, predicts a "definite risk of a trial of strength between employers, unions and the government in the year ahead".

There will also be greater clarity over the government's increasingly restrictive attitude to granting work permits, a big recruitment problem for companies which rely on overseas skills.

On the legislative front, there is concern about a draft labour code – will it accede to the trade union demand for a living wage? – about affirmative action legislation, and about the prospect of arbitrary visits from government labour inspectors. The views of business have been sounded out, but it remains to be seen whether they are heeded.

The government will have to tread carefully here if it wishes to achieve the investment climate basic to the realisation of its other ambitions. It also needs to make progress on short-term problems such as refugees and ex-combatants and longer-term issues such as widespread poverty and an unemployment rate estimated at between 30 and 50 per cent. While the preliminary tasks have been adequately begun, the big challenges still lie ahead.

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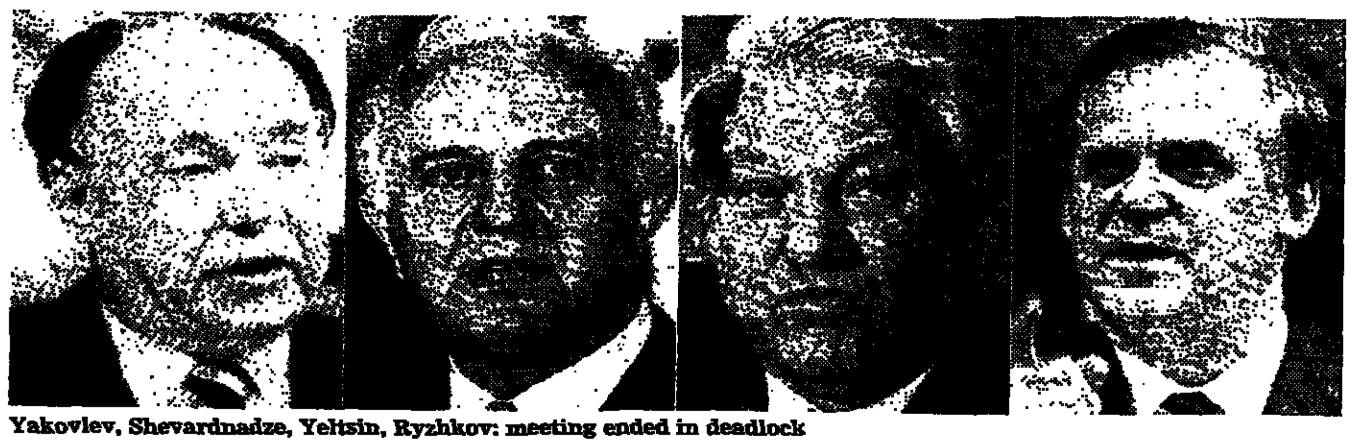


Yakovlev, Shevardnadze, Yeltsin, Ryzhkov: meeting ended in deadlock

Conservatives flex their muscles as Gorbachev calls for order

Quentin Peel at the turbulent Soviet congress of People's Deputies

PERHAPS the truest words of the tempestuous Soviet Congress of People's Deputies came from the unlikely mouth of Mr Nikolai Ryzhkov, the worthy but uninspiring Soviet prime minister now recovering from a heart attack in hospital.

After months of fighting off demands for his resignation, he was speaking with the clarity of a man condemned to imminent retirement.

The new presidential powers being granted to Mr Mikhail Gorbachev, he said, "will not change anything in the country. Is the government short of powers now? No. The problem is that the republics are ignoring its resolutions.

"If the situation in the country does not change, no presidential power will save us. This is why the first thing to do is to win the consent of the republics."

Ironically, it was after a stormy meeting of the Federation Council, where the presidents of the republics were trying to thrash out an economic agreement with Mr Gorbachev, that Mr Ryzhkov was taken ill and rushed to hospital. And the meeting ended in deadlock.

Now Mr Gorbachev has won most of the powers he wanted.

Mr Boris Yeltsin, the Russian president and his arch political rival, says he has more legalised power than any Soviet leader, including Joseph Stalin and Leonid Brezhnev.

He has a new vice-president, direct control over the Soviet government, broad approval for his concept of a new Union Treaty, and permission to hold two referendums in the near future. Mr Vitaly Ignatenko, his press spokesman, said the president "got almost everything he wanted. He has won this congress hands down".

Yet what in reality has he achieved? It seems to add up to very little – and Mr Eduard Shevardnadze, his foreign minister and once one of his closest confidantes, resigned in dramatic style, and Mr Ryzhkov suffered a heart attack.

For a start, the referendums could well backfire. One is to be on whether Soviet citizens want to preserve the union. In a string of outlying republics, they may well say No. The other is on the private ownership of land. Leaving that in doubt seems certain to undermine confidence in the commitment to a market economy.

The congress, the supreme constitutional authority in the country, failed to answer the two fundamental questions of the day. It reached no conclusion on the legitimacy of the central government, and the real balance of power between the centre and the republics; and it failed to decide on a real strategy for economic reform.

If anything, on both issues, Mr Gorbachev seemed to be drifting back towards the Communist party conservatives, who are deeply suspicious of change. Mr Gennady Yanayev, his nominee for vice-president, belongs to that camp.

His entire career has been spent in the Komsomol, the Communist party youth wing, the Soviet League of Friendship Societies, and the Soviet trade union movement – making him the ultimate party apparatchik.

Mr Shevardnadze's departure removes the last real reformer from the top levels of the president's team. Mr Alexander Yakovlev, the third member of the triumvirate who inspired perestroika, seems to have been eased out of his key role.

The people beside the president are now dominated by such men as General Vladimir Kryuchkov, the chairman of the KGB, who distinguished himself by delivering a speech of undisguised xenophobia. The reviving power of the military is revealed by the appointment of General Boris Gromov, the former army commander in Afghanistan, as first deputy minister of the interior.

When Mr Shevardnadze warned of the advent of a dictatorship in the Soviet Union, he seemed to be warning about exactly that: that President Gorbachev was becoming a hostage to reactionary forces, which would turn him into a dictator against his will.

The foreign minister's departure deprives Mr Gorbachev of his last true friend at the top. Mr Ryzhkov's likely resignation will leave him bereft of his lightning conductor, of the man who took the brunt of public criticism for the chaotic state of the economy.

It remains to be seen who will make up the rest of Mr Gorbachev's new government. Western observers are hoping against hope that a few reformist names will be included.

Yet Mr Gorbachev failed to take advantage of the one rising star of the congress. That was Mr Nursultan Nazarbayev, president of Kazakhstan, a man who was widely mooted as a likely vice-president.

His three interventions in the congress were all precise, persuasive, and to the point. He led a reassertion by the Central Asian bloc of republics of their increasingly nationalistic identity, while still insisting on his own commitment to the maintenance of a Soviet Union.

He also came out clearly for radical economic reform, at a time when the president seemed to be retreating to the old positions of restoring order and discipline, enforcing state contracts and the plan.

Yet the fact that Mr Nazarbayev was not put forward as vice-president perhaps says most about the way the wind is blowing for Mr Gorbachev. He would have been overwhelmingly elected. As a non-Russian, he would have underlined the multi-national nature of the Soviet state.

Most close observers are convinced that he actually turned the job down – on the grounds that the central government, and the presidency, is no longer where the real power lies. The future of the Soviet Union is going to be dictated from its republican parliaments.

That is the decision already made by Mr Yeltsin. And he proved his point with an extraordinary coup on the penultimate day.

He returned to the Russian parliament to oversee the passage of a budget which sets the giant republic on direct collision course with the centre. Then he flew off to the remote region of Yakutia, in eastern Siberia, instead of returning to the congress.

It is over the budget now that the real battle lies.

Who controls the purse strings of the Soviet economy? It may still be Mr Gorbachev, for the time being, if he can persuade state enterprises and state banks to continue paying their cash to the central government.

Yet in the long term, the battle is for control of a bankrupt budget. In such circumstances, it is a matter of *sauve qui peut*: every republic wants chiefly to preserve its own resources and production, and barter what it can to maintain a survival economy.

Mr Valentin Pavlov, the minister of finance, warned of a looming price war between republics. In effect, it is already happening. Each is seeking maximum price rises for its own commodities, before other republics can get in first.

Mr Gorbachev has so far shown that he can only bang the table harder, and demand the restoration of "order". The fear of his radical critics is that nowadays he no longer talks of "law and order", but of order alone.

Broadcasting officials yesterday cancelled a television programme about the resignation of foreign minister Eduard Shevardnadze, Reuter reports from Moscow.

Alexander Lyubimov, presenter of the popular weekly Vzglyad (View), said the cancellation of yesterday's edition was especially troubling at a time when the country was taking a conservative turn.

Mr Shevardnadze, an architect of reform under President Gorbachev, resigned last week saying the Soviet Union was heading toward dictatorship. He denounced his critics as "reactionary".

A spokeswoman for Vid, the company that produces Vzglyad, said a statement would be read before the programme's usual broadcast time to explain why it had been cancelled.

"In essence, the announcement will say the programme was cancelled by the leadership of the State Committee for Radio and Television because of... a difference in opinion over events of the past year...between the leadership and the authors [of the programme]," she said.

Argentina moves to restructure oil and gas industries

By John Barham in Buenos Aires

ARGENTINA announced yesterday a deepening of its free market policies, and a restructuring of its tightly-controlled oil and gas industries.

Mr Erman González, economy minister, said the oil industry would be deregulated from January 2. Companies will be able to operate in response to market forces, rather than to government planners. Previously, private oil producers had to sell nearly all their oil to the state oil company Yacimientos Petrolíferos Fiscales (YPF) at government-controlled prices.

However, Mr González said the government would continue to regulate the industry informally through YPF, which controls over 60 per cent of the oil market. He warned that tighter controls would be introduced if war in the Middle East forced an excessive surge in oil prices.

Mr González said YPF would be thoroughly reformed in 1991 to prepare it for privatisation. Reforms such as sale of assets, a heavy reduction in employment and joint ventures with private companies, would raise its net worth to $8bn (£4.1bn) from $3.8bn.

Gas del Estado, the state gas distributor, will also undergo gradual privatisation in 1991, beginning with the sale of outlying pipelines and culminating with sale of the central network.

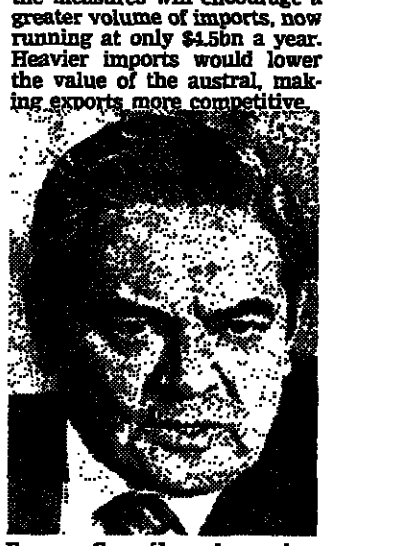
Mr González also announced the introduction of a single import duty for all but a few imports, and a tax amnesty coupled with a crackdown on tax evasion. The adjustments are intended to increase Treasury revenues, correct the heavily overvalued exchange rate and improve the arthritic economy's efficiency.

However, the minister did not say how much additional revenue he expected the new measures would generate. The Treasury is struggling to balance its books as tax revenues dwindle while spending grows. Markets fear that inflation will increase as the government prints more money to pay its bills. Inflation worries drove the austral, Argentina's currency, down by 12 per cent this week.

The government will establish a single 22 per cent import duty, replacing duties that ranged from 10 per cent to 24 per cent. It will also abolish exemptions and non-duty barriers for all but a select number of products, such as capital goods, pharmaceuticals and newsprint.

The changes are intended to increase economic efficiency, raise more revenues for the government and provide greater protection for companies. Mr González said "total anarchisation" of the customs service has led to "enormous tax evasion and smuggling", exposing companies to unfair competition from smuggled goods.

The government also hopes the measures will encourage a greater volume of imports, now running at only $4.5bn a year. Heavier imports would lower the value of the austral, making exports more competitive.



Erman González: deepening free-market policies

NEWS IN BRIEF

Yugoslavs warned of crucial year

THE Yugoslav government yesterday appealed to MPs to accept economic reforms, warning that 1991 was crucial for the survival of the fractious federation, AP reports from Belgrade.

Mr Ante Markovic, the federal premier, addressed both chambers of federal parliament later and announced reform plans, including the devaluation of the dinar by 22 per cent against the D-mark.

Greek right-wing rebels pardoned

The Greek government is to pardon all imprisoned leaders of the 1967-74 right-wing dictatorship, except for Mr Dimitris Ioannides, who engineed a failed coup in Cyprus, Mr Constantine Mitsotakis, the prime minister, said yesterday, AP reports from Athens.

Immigration surge

Israel in December will register the highest monthly total of immigrants in its 42-year history as a result of a surge in Soviet arrivals, an Israeli official said yesterday, AP writes from Jerusalem. Mr Simha Dinitz, head of the quasi-governmental Jewish Agency, told a news conference that about 35,000 Soviets would be among the 40,000 Jews arriving in December.

Tunisians charged

Tunisia has charged 102 fundamentalists in connection with a conspiracy to set up an Islamic state by force, officials said yesterday, Reuter reports from Tunis.

Brazil's prices soar

Brazilian consumer prices surged 1,795 per cent in 1990, outpacing last year's rate of 1,765 per cent, the government reported on Thursday, Reuter reports from Rio de Janeiro.

Cocaine talks

President Cesar Gaviria of Colombia admitted in an interview that official talks have been held with Medellin cocaine barons but said the discussions were limited to offering protection if they surrendered to justice, Reuter reports from Paris.

New York jam

Heavy snowfall yesterday caused the worst New York city subway accident in more than 15 years, Karen Zagor writes. One person died and 140 were treated for smoke inhalation and other injuries when melting snow dripped through street gratings onto subway tracks in a tunnel in Brooklyn, apparently causing a short circuit.

Albanian Democratic Party leaders Sali Berisha (left) and Gramoz Pashko, at a meeting in Tirana

Menem to pardon former military rulers

By John Barham

PRESIDENT Carlos Menem of Argentina is to announce today the pardon of former military rulers and a guerrilla leader serving prison sentences for human rights abuses. He said the deeply unpopular pardons were necessary to heal the wounds of the strife that shook Argentina in the 1970s.

The armed forces have pressed for the pardons of General Jorge Videla and General Roberto Viola – ex-presidents – and other officers sentenced to lengthy prison sentences following the end of military rule in 1983. Under their government over 9,000 people were kidnapped and murdered.

Mr Menem is also expected to free Mr Mario Firmenich, a former guerrilla leader, and end the trial of Mr Jose Martinez de Hoz, an economy minister who served under the military, accused of ordering the kidnapping two businessmen.

Last year Mr Menem pardoned leaders of Argentina's last military government as well as officers who rebelled against the government of ex-president Raúl Alfonsín who had brought the junta members to trial.

Argentina's Supreme Court has now ruled in favour of a military trial for hundreds of right-wing soldiers who mutinied on December 3, including some whom Mr Menem had pardoned last year. The ruling ends a dispute with civilian judges who claimed the right to try the rebels.

Soldiers' relatives to visit Falkland Islands graves

By John Barham

ARGENTINA and Britain have announced that relatives of Argentine soldiers who died in the 1982 Falklands conflict are to visit war graves on the islands on February 15.

The visit will be the first to the graves since the war ended. About 300 people are expected to fly to the Falklands, in the first direct contact between Argentina and the islands since 1982.

The visit will be held under the auspices of the Red Cross, because Argentina does not recognise Britain's control of the Falklands.

Argentine officials stress that the visit is further evidence of the rapidly improving relations with London. Diplomatic relations were fully restored in July, and this was followed by an agreement between the two governments to co-operate in controlling overfishing in the waters off the Falklands.

However, Buenos Aires has reacted angrily to a New Year radio broadcast to the Falklands by British prime minister John Major in which he compared Iraq's invasion of Kuwait with Argentina's invasion of the Falklands.

Ironically, two Argentine warships are participating in the multinational embargo of Iraq together with the Royal Navy.

Philippines will meet conditions for return of Marcos funds

PRESIDENT Corazon Aquino said yesterday the Philippine government would meet conditions set by a Swiss court for the return of $350m (£181.3m) allegedly deposited in Switzerland by the late President Ferdinand Marcos, AP reports from Manila.

The Aquino government claims Marcos and his associates embezzled up to $10bn (£5.1bn) but has offered little evidence to substantiate this.

In the four years since Marcos was ousted, the government has managed to retrieve only $400m, mostly from his associates.

Switzerland's Supreme Court on Thursday rejected a set of 11 appeals by the Marcos group and gave its conditional approval to the repatriation of the funds.

The court said the money would be returned after a Philippine criminal court issued a "legally binding verdict" in the case. That verdict, it said, must indicate whether the funds should be confiscated or returned to claimants. The order set a one-year deadline for the Philippine government to complete legal proceedings.

It said the Philippine trial must conform to the standards set in the Swiss federal constitution and the European Human Rights Convention, covering chiefly the independence of the judiciary and the impartiality of judges.

Neither Marcos, who died in September 1989, nor his widow Imelda has ever been charged with a criminal offence in the Philippines because the government feared they would demand their right to return from exile and face trial.

Mr David Castro, chairman of the Presidential Commission on Good Government, claimed the government did not have to file any criminal charges against the Marcoses to meet terms of the Swiss order.

Mr Castro said a guilty verdict in civil suits for embezzlement against the Marcoses was "substantial compliance".

But the Swiss Justice Ministry said yesterday it was "clear that criminal proceedings have to be conducted and that the accused will have to be granted all the rights of defence provided for by the federal constitution and the European Human Rights Convention."

Surinam likely to name new president today

SURINAM'S President Ramsewak Shankar and his cabinet have presented their resignations to the National Assembly, which is expected to name a new president and vice-president today, AP reports from Paramaribo.

As legislators sat in silence late on Thursday, Mr Henck Arron, vice-president, handed the resignations to Mr Jaggernath Lachmon, assembly president. Mr Arron said the president's cabinet had already resigned.

The armed forces overthrew Mr Shankar without bloodshed on Christmas Eve and urged the parliament to hold elections within 100 days.

Mr Lachman asked Mr Shankar and Mr Arron to remain in office until their resignations were formally accepted.

Venezuela lifts spending 24%

By Joe Mann in Caracas

THE Venezuelan Congress has approved a 1991 budget for the central government that calls for expenditures of $14.3bn (£7.4bn), or a 24 per cent increase over estimated 1990 spending of $11.5bn.

The budget, which does not include spending by Venezuela's national oil company and certain other state-owned enterprises, devotes about 40 per cent of total outlays to social welfare programmes. Police activities and the military also received larger allocations.

The largest allocations for 1991 will go to the Finance Ministry ($3.76bn, much of which will be spent to service internal and external government debts); the Education Ministry ($2.5bn); the Ministry of the Interior ($2.3bn, which includes police, security and revenue sharing with state governments); the Health Ministry ($968m); Transportation and Communications ($787m); Urban Development ($722m) and Agriculture ($506m).

The Defence Ministry is to receive $905m directly from the budget and another $300m from other sources to cover higher wages and other benefits for the armed forces.

The 1990 budget should show a surplus because of the government's higher-than-expected revenues from petroleum exports. Oil export receipts still account for a large share of the Venezuelan government's income, and most of its foreign exchange. It is not clear, however, if the 1991 budget will be in the red, since Congress regularly tacks on additional allocations as the budget year advances.

Even though much of the central government's 1991 spending will go to social welfare programmes, the administration of President Carlos Andrés Pérez is counting on the national oil and petrochemical concerns, as well as other industries where the state is an important shareholder, to make substantial investments.

For example, the government-owned oil and petrochemical companies by themselves have a combined budget of $4bn for 1991 that does not figure in the central government's spending programme.

These two companies, plus some industrial concerns, have programmed large investments for 1991 that are expected to boost the economy.

French group defends drug after Belgian ban

ROUSSELL UCLAF, the French pharmaceuticals group, said yesterday there was no new evidence to justify a ban imposed by Belgium on its painkiller Glifanan, Reuter reports from Paris.

Dr Jacques Cons, chairman of the group's subsidiary Laboratoires Roussel, said: "There are no new elements to justify this decision." The Belgian Health Ministry banned the drug on Thursday.

Dr Cons said the move was hard to understand as Glifanan, which is only available on prescription, was cleared last December by an EC pharmaceuticals committee which included Belgians.

He said Roussel Uclaf did not intend to protest against the Belgian ban but hoped that the matter would be settled at a European Community level.

The committee issued recommendations tightening up distribution of the drug, the main component of which is Glafenine, but did not ban it.

The committee advised doctors and users to be alert to possible allergic reactions and recommended that prescriptions should not be automatically renewed without a second visit to the doctor.

"This is a very carefully controlled product and the measures taken were the right ones," Dr Cons said. "It is meant for medical use, not self-medication."

Glifanan is sold in 77 countries. Dr Cons said 40,000 boxes were sold in Belgium every month, compared to the 350,000 boxes a month sold in France. The painkiller is not marketed in the US.

Dr Cons said his company did not intend to withdraw the drug from other markets and did not expect problems in France.

Pakistanis struggle with a deadly legacy

Farhan Bokhari examines the country's efforts to rid itself of the Kalashnikov culture

PAKISTANIS call it the Kalashnikov culture and hold it responsible for causing lawlessness in their country.

During the 11 years since the Soviet invasion of Afghanistan at the end of December 1979, Pakistanis became accustomed to Soviet-made Kalashnikov rifles being increasingly sold through local illegal arms markets. The Soviet forces have gone but the Kalashnikovs are still there – as one of the weapons more commonly used by criminals.

Recently, the Pakistan government introduced a law that would allow public hanging of convicts in cases of kidnapping to extract ransom, a crime which has seen the most frequent uses of of Kalashnikovs.

As kidnappings continue in Karachi, Pakistan's commercial heartland, the Kalashnikov culture may take more than tough laws to be uprooted. During 1990, there were 50 to 60 kidnappings of prominent people where ransom was paid in the range of Rps2.5m (£62,000) to Rps5m per victim, says Mr Aftab Ahmed, a Karachi textile industrialist who heads a citizens' group to restore law and order.

Estimates that include cases of lesser-known people or those never reported to the police for fear of reprisal put the number of kidnappings at between three and five a day, he claims.

The kidnappings have created a sense of insecurity in Karachi, businessmen say. Some have been forced to leave town while others have stayed but their families have moved.

In one instance, a businessman was sent a note demanding a huge ransom in return for a guarantee that his teenage son would not be kidnapped. The letter was signed "Bullet" with a photocopy of a pistol bullet below. The businessman sent his son to attend college in another town.

Mr Ahmed describes the new law as a good deterrent, but believes the kidnappings cannot be stopped unless there is quicker investigation and prosecution. In Pakistan's corruption-riddled administrative system, there is a need for many more measures, he argues.

"You can make tough laws but they can only work if you first catch the criminals and then you are able to prosecute them."

'You can make tough laws but they can only work if you first catch the criminals and then you are able to prosecute them.'

The growing demand for protection has also encouraged the creation of many security companies in the last few years. According to Mr Mumtazur Rahim, managing director in Pakistan for the US-based Brinks Security, the number of his company's clients has grown by 30 per cent in the last two years, although he provides only guards for premises and not mobile bodyguards.

Mr Rahim says that there are a number of companies in Pakistan which do not conform to internationally acceptable standards of service, and need to be monitored to ensure quality.

Mr Shahid Parvez, an ex-army commando whose company, Shehzada Security Service, protects some of Pakistan's leading businessmen and foreign diplomats, says business prospects in Pakistan are good because security needs have grown.

He is now taking the lead in training guard dogs for industrial and commercial premises, a new idea in business circles which has resulted from new challenges to security.

Mr Parvez is hopeful that the new law will at least deter amateur kidnappers such as students, allowing the police to concentrate on catching hardened criminals.

However, Mr Ahmed says, the kidnappings have become a lucrative affair and much more needs to be done to solve the problem. As long as kidnappings are not controlled, the business environment will remain insecure and expansion will become difficult.

Tessa accounts greeted warmly by savers

By Sara Webb

THOUSANDS of savers have applied to banks and building societies to open a Tessa, the Tax-Exempt Special Savings Account which is launched on New Year's Day.

Banks and building societies, which have been designing their own Tessas in readiness for the new year launch, have reported an enthusiastic response: Halifax, the biggest building society which has about 14m savings accounts, said 600,000 people had registered an interest in Tessas. The Halifax has been marketing its product with the help of special bonuses and a prize draw.

Barclays Bank said it was receiving up to 250 telephone calls a day on its Tessa helpline, while at Save & Prosper and Midland Bank's FirstDirect, staff will be working on New Year's Day in order to process the large number of Tessa application forms.

Mr John Major's aim as chancellor of the exchequer when he announced the projected introduction of Tessas in his 1990 Budget, was to encourage savings by allowing banks and building societies to offer a new form of tax-free savings account.

Each adult saver can invest up to £9,000 in a Tessa over five years and receive the interest gross at the end of that time.

"This is an important measure which will encourage taxpayers to save ... Tessas are getting off to an excellent start. I am sure they will help to cultivate the savings habit," said Mr Norman Lamont, the chancellor of the exchequer, earlier this week.

The government already provides tax incentives for small investors who want to buy shares, allowing them to place up to £6,000 worth of equities in a Personal Equity Plan and receive the profits free of income tax and capital gains tax.

The Inland Revenue estimates that Tessas will save the public about £20m in tax in the first three months of 1991, and about £200m in the 1991-92 tax year, suggesting that some £800m will pour into the tax-exempt accounts in 1991-92.

Save & Prosper estimates – based on its own consumer research – that between 2.5m and 3m people will take out Tessas.

Some of the money is likely to come from existing current and deposit accounts, although banks and building societies say they expect many small investors who were disappointed in their efforts to buy electricity shares to put their returned cheques into a Tessa.

Tessas poised for take-off, Weekend Page IV

Liberal Democrats claim to be ready for early election

By Alison Smith

THE LIBERAL DEMOCRATS go into 1991 ready for an early general election, Mr Paddy Ashdown, the party's leader, said in his new year message.

Mr Ashdown claimed the other parties offered only "consolidation and caution", and said that the Liberal Democrats would succeed or fail on their ability to present "a clear and distinctive message for Britain's future".

The first electoral test of 1991 is likely to be the by-election in the safe Tory seat of Ribble Valley, caused by the elevation to the House of Lords of Mr David Waddington.

Mr Waddington's majority at the 1987 general election was just over 19,500, but after the upset of the Eastbourne by-election, where the Liberal Democrats overturned a majority of almost 17,000, and mid-Staffordshire where Labour comfortably overturned a majority of more than 14,500, none of the parties is taking the result for granted. Labour and the Liberal Democrats are both seeking to establish themselves as the main challenger to the Tories, with the hope of attracting further support as the third party is marginalised.

The by-election is not expected until late February when the new electoral register will be in force, but Labour has already published private polling results which showed its candidate, Ms Josie Farrington, in second place to the Tories with the Liberal Democrats trailing in third place.

Mr Mike Carr, the Liberal Democrats' candidate, came second in 1987 and 1983 for the SDP/Alliance, however, and party workers believe that as in Eastbourne, with Mr David Bellotti, a strong local candidate will stand them in good stead.

The party also plans a series of campaigns early in the new year to focus on rural issues where it believes it is better placed than Labour to maximise opposition to the Tories.

NEWS IN BRIEF

Finns order 7 Hawk aircraft

THE Finnish Air Force has awarded contracts to British Aerospace and Rolls-Royce for the production of seven Hawk two-seat trainers.

British Aerospace said Finland became the Hawk's first export customer in 1977, placing an order for 50 Mk 51 advanced flying trainers.

The FAF Hawks are used to train fast jet pilots who will be posted to front-line squadrons operating fighter aircraft.

This latest contract takes the orders and requirements for the Hawk to around 750 aircraft.

BAe said other operators included the Royal Air Force, the original launch customer, Saudi Arabia, Zimbabwe, the US Navy, the Swiss Air Force and Malaysia.

New marine broker

NICHOLSON Chamberlain Colls, the Lloyd's insurance broker, has announced its entry into the London marine insurance market amid indications that the sector may be becoming more profitable.

NCC has recruited Mr Chris Young, Mr Graham Gardner, Mr Andrew Gardner and Mr Tim Kyd from Citicorp Insurance Brokers.

NCC, set up in 1988, now has eight specialist operating subsidiaries. Earlier this year it acquired a team of North American non-marine reinsurance brokers from the broker CT Bowring.

Wales investment up

WALES had a record 131 inward investment projects in 1990. Dr Gwyn Jones, chairman of the Welsh Development Agency, said the principality was well-placed to emerge from the economic downturn in "a very strong position".

The 131 projects, which led to the creation of 15,118 jobs, compared with 1989's figure of 100 creating 9,822 jobs. Dr Jones singled out the growth of companies in the financial-services sector, as a result of an initiative set in motion by the government.

"Wales recorded the second highest UK growth in service-sector jobs with employment in the financial sector growing by 3,000," he said.

TUC 'green' talks

THE TUC has requested a meeting with Mr Michael Heseltine, Environment Secretary, to discuss its call to recognise the role workers can play in creating a 'greener' environment.

It is concerned that the recent white paper failed to mention ways for citizens to help improve the environment as employees and trade unionists.

Transport pay claim

NALGO, the public service union, is seeking pay increases of 14.25 per cent to 28 per cent over an 18-month period for its 2,500 members working for passenger transport executives in six large cities.

It wants the highest rises for the lowest-paid. Salaries presently range from £4,210 to £30,056.

Cargo terminal investment to safeguard dockers' jobs

By Ian Hamilton Fazey

TRADITIONAL working practices should finally disappear from the Port of Liverpool next year with a £1m investment in a general cargo terminal to be operated by a new joint venture company.

The reorganisation follows 180 redundancies last month among dockers working on general cargo, as opposed to the port's increasingly efficient Royal Seaforth Container and Grain Terminal built in the 1970s (above). The port now employs fewer than 400 dockers, compared with 14,000 in the early 1960s.

The remaining 100 general cargo dockers will work for Liverpool Cargo Handling, a 50-50 venture between Mersey Docks and Harbour Company and Powell Duffryn Shipping. The changes have been welcomed by the Transport and General Workers' Union. "General cargo is the most labour-intensive of our operations. We hope that this will help it to operate as profitably as other areas of the port, safeguarding jobs and creating opportunities for expansion," Mr Eric Leatherbarrow, the dock spokesman for the company said yesterday.

The changes are the latest stage of reorganisation after last year's abolition of the National Dock Labour Scheme, which guaranteed dockers' jobs and made it difficult to reduce overmanning, although Liverpool had brought its figure down to about 1,300 by early 1989.

Before the container and bulk carriage revolution of the 1970s, most freight was general cargo, stowed in all-purpose vessels, which often needed up to 100 men and 10 days in port to shift.

Large transatlantic container ships in Liverpool are turned round now between single tides by small gangs of men working flexibly.

The new investment will include a 75,000 sq ft shed for cargo storage. Most of this is likely to be hardwood from south-east Asia shipped by Panocean, one of two principal general cargo lines using Liverpool.

The redundancies were agreed to beat the deadline on a government-subsidised £35,000 pay-off per docker, introduced after the dock labour scheme's abolition. The figure falls to £20,000 on January 1.

Scottish Labour MPs to resist use of PR

By Alison Smith

PROPORTIONAL representation is likely to dominate the Scottish Labour conference again this year, with the formation of a group of MPs and others to campaign against its use for elections to the planned Scottish assembly.

Mr George Foulkes, the MP for Carrick, Cumnock and Doon Valley and the group's co-ordinator, warned that introducing PR for the Scottish elections would be a "Trojan horse" for its introduction for elections to Westminster.

It would be "lunacy" for a Labour government to bring in a system which made it less likely that there would be a Labour government with an overall majority, he said.

The group includes Mr Foulkes, Mr Tommy McAvoy, the MP for Glasgow Rutherglen, Mr Alun Michael, MP for Cardiff and Penarth, the Scottish Euro-MPs, Mr Alex Falconer and Mr Alex Smith, and councillors and party activists.

Labour's official position is that it is studying electoral reform for local elections, voting for the Scottish and Welsh assemblies and for the European elections.

The Scottish Labour conference in March is likely to debate electoral reform generally. One motion that might form the basis of a compromise was submitted by the General Municipal and Boilermakers' Union.

It calls for the alternative vote and French-style second-ballot systems to be studied.

IoD warns on effects of recession

BUSINESS was warned yesterday that it could expect little help in its struggle to overcome the effects of recession.

The Institute of Directors (IoD) said the government could not lower interest rates to help industry, while entry into the exchange rate mechanism of the European Monetary System had effectively cut off the other escape route of a falling pound propping up exports.

In a bleak new-year message to its members, the IoD warned that industry was virtually "on its own" in the fight to recover from recession.

Mr Peter Morgan, IoD director-general, said "We can no longer rely on the traditional counter-recession weapons of interest rate cuts to stimulate activity and devaluation to maintain international competitiveness.

"Business, therefore, will increasingly have to look at its own salvation."

Mr Morgan also said that the tough economic conditions did present business with an opportunity to make structural changes to its operations, such as reducing labour costs to maintain export competitiveness.

Strong regional identity found in TV survey

By Raymond Snoddy

THE UK has a stable population with a strong sense of regional identity, according to research to be published on Monday by the new Independent Television Commission.

The survey, which will be used to shape the future of the ITV regions, found that two-thirds of people had lived in their area for 10 or more years and 44 per cent for more than 20 years.

"The overall pattern is one of stability with only minorities being mobile. Only 8 per cent of people interviewed had lived in their area for less than two years," the survey says. Nearly 90 per cent of more than 8,600 people interviewed in their homes felt they belonged to, and liked living in, their area. Many also had a distinct feeling of their region being special.

The survey, carried out for the Independent Broadcasting Authority, found widespread support for local programmes and a degree of interest in additional non-news regional programming at peak times.

Over the UK, 76 per cent of viewers wanted to remain with their present ITV region with only 17 per cent wanting a change.

The research was one of the main reasons why the then shadow ITC decided it would advertise the 15 regional Channel 3 licences covering the same broadcasting hours and the same areas as the current ITV contracts. Keeping the present map was seen as providing an element of stability in a Channel 3 system which will face increased competition from cable, satellite and a new Channel 5.

Export growth bolsters troubled shoe industry

By Alice Rawsthorn

THERE are signs that Britain's troubled footwear industry may be emerging from its two-year recession.

The industry, based in the traditional shoe-making towns of the East Midlands and the north-west, was hit by the recession early because of increasing imports and weak domestic demand.

However, the latest statistics from the British Footwear Manufacturers' Federation report that while footwear imports rose by 19 per cent to £1.09bn in the year to the end of October, exports rose 24 per cent to £254m. The market for women's and children's shoes in particular showed modest growth. However, this was not enough to stop a further deterioration in the footwear industry's trading deficit. As a result, the level of employment in the industry, which has fallen steadily for several months, was static at 44,800.

However, the strength of the pound against the US dollar bodes ill for the industry, which faces fierce competition from emerging footwear producers in countries such as South Korea and Taiwan where the currencies are dollar-linked.

Fimbra problems worry financial self-regulators

City watchdogs are seeking ways to tackle a financial weak spot, reports Richard Waters

REFORM of the way the retail end of the investment business is policed is being actively discussed among City regulators.

It is in this sector that the regime introduced by the 1986 Financial Services Act has faced some of its toughest tests – and failed. As recent collapses show, from Dunsdale Securities to Levitt Group, even investment companies with thousands of clients can simply vanish overnight amid allegations of large-scale fraud.

These investment scandals point in some instances to a spectacular failure to control the various brokers, advisers and other intermediaries through which products are sold to the public.

And when things go wrong, there is considerable uncertainty over the compensation investors can expect to receive. While those who use independent financial advisers are covered up to a maximum of £48,000, anyone losing money through a "tied agent" (a representative of an insurance company) has in some circumstances to rely on the goodwill of the insurance company concerned to recover anything at all.

Compensation claims are already threatening to put many smaller independents out of business. Members of the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra) already face a bill of more than £10m between them for the first nine months of this financial year, thanks in large part to the collapse of Dunsdale.

Fear of jeopardising independent advisers was one reason given before Christmas by Mr David Walker, chairman of the Securities and Investments Board, when he told the House of Commons' trade and industry select committee that he did not want to see the maximum £48,000 pay-out raised.

The degree of fragmentation among regulators in this sector adds to costs and complexity. Life companies, for instance, answer to a string of institutions: the Department of Trade and Industry, which authorises them; the Investment Management Regulatory Organisation (Imro), which oversees their investment management activities; and the Life Assurance and Unit Trust Regulatory Organisation (Lautro), which regulates their marketing.

This also confuses investors. Picking someone to complain to is not easy. Apart from the regulatory bodies, there is a gaggle of ombudsmen and complaints commissioners to choose between.

Change is now in the air. Other regulators want a solution to what they call the "Fimbra problem". They fear that just one more big scandal from this sector could undermine political support for the City's self-regulatory system altogether.

A number of ideas are being discussed. There is no official discussion paper, but the regulators generally agree that the following options are on the table:

● A break-up of Fimbra. This would involve its 1,500 "high-risk" members (those authorised to handle client money) moving to another body, either The Securities Association or Imro. Neither of these welcomes the possibility: they would need to persuade existing members to take on board a large group of firms, some of which could carry the seeds of future compensation claims.

Also, what would become of Fimbra's other 5,000 or so members? These are mostly small advisers, many of them part-time, accounting for under half of the total turnover of Fimbra members. They would find it difficult to support the overhead of a separate regulatory body.

● Creation of a new regulatory body for the retail sector of the investment business. This body would bring together the 21,000 individuals under Fimbra's wing and the 100,000 tied agents. In time, perhaps, it could even include the 100,000 directly employed sales staff of life assurance companies, to create a regulator covering all the channels through which packaged investments are sold to the public.

The EC's proposed Investment Services Directive could push things this way. The directive in its present form requires tied agents to be regulated by an authorised body, rather than leaving it to investment companies. Given the scandals that have followed the failure of some life assurance companies to control their agents up to now, such a change could be for the better.

● Partial merger of Lautro and Imro. This would bring together the regulation of both the marketing and investment of life companies and unit trusts. About 200 unit trust groups and 100 life companies are members of both organisations.

● Blurring the boundaries between self-regulatory organisations. This would allow more overlap between regulatory bodies, so that some investment firms that currently answer to two or more bodies could opt to be regulated by just one.

Under this option, Lautro and Imro could extend their activities into each other's field. However, this would lead to duplication of regulatory activity, with an inevitable extra cost.

● Reduction of cover available under the investors' compensation scheme, to protect Fimbra members from crippling claims. This could be done by refusing compensation cover to investors giving money to investment firms not authorised to handle cash. Such firms would have to give a clear warning of their status. This would place greater responsibility on investors to protect themselves.

However, this would not solve Fimbra members' problems: for instance, Dunsdale, which is likely to prompt the biggest claim yet, was authorised to handle clients' cash.

As yet, only the last two of these ideas have been discussed publicly by the SIB. Mr Walker is happy at this stage to have provoked a debate within the regulatory industry: he is no doubt aware that pressures that have built up will mean that matters are not likely to stop here.

Ashley Ashwood

David Walker: happy to have provoked a debate within the system

UK NEWS

Too soon to build hopes of full recovery

The end of a grim year leaves buyers and sellers looking towards a modest upturn in 1991, writes Andrew Taylor

THE PAST 12 months have been a disaster for anybody who makes a living from buying or selling houses. Redundancies and receiverships among housebuilders, estate agents, removals companies and building materials producers have mounted as "For Sale" signs have taken root outside unsold housing developments.

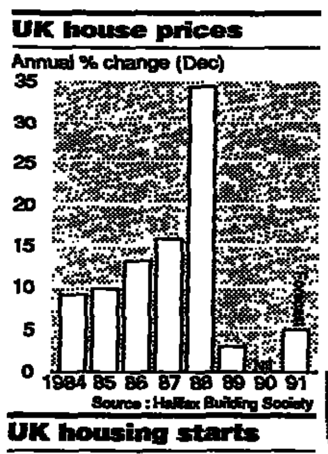
The collapse of a number of small housebuilding companies has led to the emergence of so-called "vulture funds" which are buying abandoned unfinished developments from receivers at rock bottom prices.

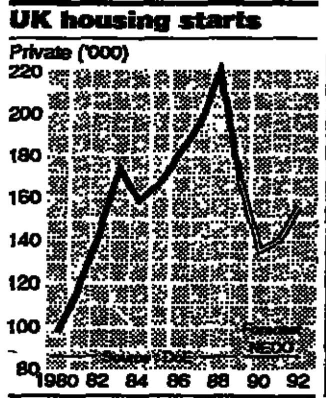
Mr Clifford Easterbrook, an executive of Cheltenham & Gloucester estate agents, says: "These funds, often under the umbrella of a business expansion scheme, enable private investors supported by tax breaks to take advantage of distressed prices. Investors have the prospect of making a substantial profit when the housing market recovers."

Several sites owned by builders in Wiltshire which have gone into receivership recently have been sold to vulture funds, says Mr Easterbrook. Estate agents in other parts of the country report similar sales.

Mr Peter Mockett, senior residential partner of Hilbery Chaplin, an estate agency in south Essex, says half-finished developments are being sold to funds at up to 50 per cent of their original market value.

"Some of the large national housebuilders are also trying to take advantage of lower land prices having been out of the market for several years, although good sites are still hard to find," he says.





Builders are banking on further reductions in mortgage interest rates in the new year which they hope will lead to a recovery next year in Britain's housing market.

None expects a big upturn. Sir Clifford Chetwood, chairman of Wimpey, the country's second-largest housebuilder, says interest rates will have to fall by a further two percentage points at least to prompt a recovery. Even in that case, increases in sales and prices are expected to be modest.

Halifax and Woolwich, two of the UK's leading building societies, yesterday forecast that house prices would rise nationally by 5 per cent to 6 per cent on average next year – about the same rate as projected general inflation – provided that interest rates came down.

The number of new private homes started by builders has slumped from 220,000 in 1988 to about 130,000 this year as sales have dried up. Developers such as Declan Kelly, a large privately-owned housebuilder, have failed as cash from sales has been insufficient to cover interest payments on company borrowings.

The National Economic Development Office is forecasting that builders will start work on 140,000 private homes next year, still well below the peak of the late 1980s. Moving house, however, should become easier as the backlog of unsold homes is reduced and the pent-up demand of the last two years is released.

For many individuals who have been trying to sell their house 1990 has been a miserable year. Sellers have been forced to slash prices to tempt reluctant buyers.

Mr Mockett of Hilbery Chaplin tells of one four-bedroom detached house in Gidea Park, Essex, that went on the market in 1989 priced at £300,000. It sold 12 months later for £225,000.

"There are lots of cases like that. Some homes have still not found a buyer," he says.

Hilbery Chaplin, like other estate agents that earn their money from charging a percentage of the sale price achieved – no sale, no pay – have been forced to cut their own overheads to reduce costs.

Prudential, the large insurance group, last month announced it was selling its network of 500 estate agencies after making heavy losses. It had paid £230m since 1985 to acquire the businesses. At current prices, estate agents estimate it could expect to recoup no more than £130m.

Mr Harvey Williams, a West Midlands estate agent responsible for housing matters for the Royal Institution of Chartered Surveyors, estimates that the number of estate agent branches nationally has fallen by about a tenth this year, while the number of employees in the sector has fallen by about a fifth.

Thousands more jobs have been lost as a result of cuts and closures at housebuilders and building material producers. Brick manufacturers have shed more than 1,500 jobs, a tenth of the industry's workforce, since 1989. Stocks of unsold bricks on factory forecasts have soared to more than 1bn, the highest since 1982.

The housing market should be a little easier next year. The recovery, however, is likely to be modest. Prices and sales may not pick up until the second half of the year and will not be enough to compensate for the recession elsewhere in the construction industry caused by the collapse in commercial property sales. More job losses are expected. For many contractors, life looks like remaining tough.

Developers' new water connections to cost more

By Richard Evans

DEVELOPERS will have to pay more next year for the connections of new offices and hotels to water and sewerage services following the publication of proposals by the director-general of water services, the water industry's economic regulator.

Under the 1989 Water Act, which preceded privatisation, water companies charge for first-time connections to help pay the additional capital costs of new mains, sewers and reservoirs, but the charges are not related to the amount of water to be used.

Mr Ian Byatt, director-general of water services, is proposing that from April 1 companies should be able to levy charges more closely related to the estimated load placed by new customers on the company network.

This means that office developments and hotels will pay appreciably more compared with flats and houses.

Following consultations with the water industry and its customers Mr Byatt intends to modify each water company's licence to give more flexibility and fairness.

He has proposed that the revised licence condition should fix standard charges for both water and sewerage which would apply to most properties.

However, the charges can also reflect the possibility that some new developments will place a greater than average burden on the company's network.

The director-general is consulting directly with developers and construction industry representatives. Any comment should be sent by January 25 to the Office of Water Services, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

Rail union calls for talks with BR on safety

THE BIGGEST rail union is to press British Rail for a meeting about safety on lines where driver-only trains operate.

Mr Jimmy Knapp, general secretary of the RMT transport union, said guards should be put back on trains in the wake of reports that about 13 per cent of the 160 trackside telephones on the Bedford to St Pancras (Bedpan) line had been found on a recent inspection not to be working, while 46 out of 184 cab radios tested were malfunctioning.

The union said BR had admitted at a recent Eastern Region safety committee meeting that it had no record of complaints made by drivers and signalmen.

One incident not recorded was where a driver was unable to warn a signalman when a signal was giving an incorrect message.

Harmful effects seen in relocations

By Michael Smith, Labour Correspondent

WHEN companies relocate staff they often ignore the effect it will have on their family lives and their work performance, according to an analysis by academics published yesterday.

The study, drawn from a survey of 440 employees at two large companies and 200 relocating families, found that a quarter of those questioned believed relocation had a significant negative impact on their work. If a company relocated 400 staff a year, it could lose £100,000 from these underachieving employees.

Mr Nick Forster and Mr Tony Munton, the authors of the report, published in Personnel Management magazine, say that on the whole, employers consider the personal side of relocation the employee's concern.

While a majority of employees appreciated the financial support they received during relocation, many were concerned about the lack of support in other areas including separation from family, commuting long distances, spouses having to find new employment and disruption to children's education.

More than half the employees described relocation as stressful. Among married employees whpo relocated, 70 per cent of those questioned found the experience stressful.

The authors suggest that employers should give as much notice as possible. They should not "dead-end" employees who refuse an immediate move but are willing to go six months or a year later.

Stress can be eased by providing rented accommodation for families during the initial stage of relocation rather than a hotel room for the employee alone.

Companies should provide more counselling help, says the report. They should consider providing financial help to relocate spouses house-hunting in the new area or trying to sell old property while relocating.

Career counselling more extensive in south-east

By Our Labour Correspondent

WORKERS made redundant in the south-east are much more likely to be offered career counselling by their employers than those in the north, according to a survey published yesterday.

The study of 250 companies throughout Britain found that 63 per cent offered some counselling to redundant workers but only 34 per cent provided it every time a worker was laid off.

While 86 per cent of companies in the south-east offered some counselling and 48 per cent provided it routinely, in the north-east the figureswere 33 per cent and 21 per cent.

About 54 per cent of companies provided counselling for employees who performed poorly. The south-west scored best in this category with 78 per cent of companies providing the service. The north-west fared worst with 29 per cent of companies.

The survey, by KPMG Career Consultancy, part of Peat Marwick McLintock, found that 43 per cent of companies counselled employees in mid-career, 59 per cent for those approaching retirement and 31 per cent for employees who were relocating. Relocation counselling was most popular among West Midlands companies, with 56 per cent offering the service. No company in the north-west provided this type of counselling.

Insulation sales show steep decline

SALES of energy-conserving items, such as double glazing and insulation, have fallen by more than a quarter in two years, the Association for the Conservation of Energy said yesterday.

The UK market for conservation measures had fallen by an average of 28 per cent since 1988. Sales of double glazing had dropped 34 per cent, heating controls 20 per cent and boilers and radiators 25 per cent, Mr Andrew Warren, the association's director, said. Cavity wall insulation sales had fallen by 49 per cent since 1987.

Ministers had stressed the need to improve energy conservation, said Mr Warren. In the environment white paper, This Common Inheritance, it was seen as the "cheapest and quickest way of combating the threat of global warming".

But Mr Warren said: "We are doing precisely the opposite. The market for energy conservation goods and materials is being decimated."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s).

	Indl. prod.	Mfg. output	Eng. order*	Retail vol.	Retail value*	Unem-ployed	Vacs.
1989							
2nd qtr.	109.4	119.3	33.6	121.7	132.4	1,818	222.1
3rd qtr.	110.5	119.3	34.1	121.8	134.5	1,725	219.6
4th qtr.	110.2	118.5	33.4	122.4	165.8	1,652	206.3
October	110.5	118.5	34.3	121.9	140.6	1,670	212.1
November	109.8	117.7	34.2	121.7	153.8	1,651	207.8
December	110.4	119.3	33.6	123.4	195.5	1,636	197.9
1990							
1st qtr.	110.2	119.8	34.2	123.1	135.1	1,612	198.6
2nd qtr.	112.3	121.0	35.9	125.7	143.2	1,612	193.5
3rd qtr.	109.9	118.8	35.1	122.9	144.5	1,653	166.5
January	109.9	119.5	34.6	122.2	134.2	1,616	200.7
February	109.4	118.9	35.0	124.4	136.9	1,614	198.9
March	111.3	121.1	34.2	122.8	136.1	1,607	198.2
April	112.2	121.6	35.3	123.8	144.0	1,607	189.9
May	111.1	121.3	35.4	124.5	144.8	1,611	195.3
June	113.5	120.2	35.9	123.0	141.3	1,618	185.4
July	109.6	120.8	38.0	124.0	146.9	1,632	172.4
August	108.8	118.8	35.2	122.0	143.4	1,655	167.8
September	108.8	117.7	35.1	122.7	143.6	1,670	159.2
October	108.8	116.7	34.8	121.3	146.6	1,705	142.6
November				120.7		1,782	132.4

OUTPUT- By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, clothing and footwear (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textiles etc.	Housg. starts*
1989							
2nd qtr.	115.2	120.5	102.9	120.3	123.3	99.4	19.3
3rd qtr.	114.8	121.8	104.7	121.2	122.7	97.3	15.3
4th qtr	114.1	120.5	105.0	119.8	122.8	97.4	12.5
October	113.8	121.5	105.2	121.0	124.0	97.0	15.9
November	113.2	118.6	105.3	118.0	121.0	97.0	13.5
December	115.4	121.3	104.5	121.8	122.0	99.8	8.0
1990							
1st qtr.	115.5	122.5	103.7	121.4	120.0	99.1	14.3
2nd qtr.	115.6	125.6	106.2	123.3	126.8	97.5	14.1
3rd qtr.	114.6	120.9	102.4	120.0	123.9	95.9	13.0
January	115.5	122.3	103.2	121.0	118.0	99.0	14.2
February	114.6	121.7	103.0	120.8	117.0	99.0	12.8
March	116.5	123.4	104.9	123.0	125.0	99.0	16.9
April	116.8	126.6	105.3	124.0	125.0	98.0	13.8
May	115.2	126.8	103.9	124.0	127.0	98.0	14.7
June	114.9	123.7	109.4	122.0	129.0	97.0	13.7
July	114.6	124.2	102.4	122.0	128.0	96.8	13.0
August	114.7	120.9	102.6	119.0	117.0	98.0	13.3
September	114.5	117.6	102.8	118.0	126.0	95.0	12.6
October	115.1	117.3	103.1	118.0	111.0	95.0	13.1

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance (£m); current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade*	Reserves US$bn
1989							
2nd qtr.	113.7	141.6	-6,599	-4,824	+228	96.1	45.67
3rd qtr.	117.6	142.5	-6,808	-6,230	+397	97.4	43.24
4th qtr.	124.8	138.1	-4,382	-3,871	+627	97.0	39.08
November	122.0	141.0	-1,849	-1,676	+205	96.9	38.77
December	128.0	134.0	- 848	- 678	+210	96.9	38.64
1990							
1st qtr.	125.1	147.6	-6,826	-4,505	+430	97.1	38.76
2nd qtr.	127.7	148.0	-5,178	-4,912	+423	97.5	38.99
3rd qtr.	123.4	142.8	-3,792	-3,512	+419	101.7	39.07
January	125.7	150.1	-2,016	-1,576	+136	97.4	38.45
February	124.4	140.2	-1,458	-1,015	+152	97.4	38.54
March	125.2	152.6	-2,354	-1,914	+142	96.6	39.29
April	127.3	151.4	-2,064	-1,975	+150	97.2	39.03
May	129.6	147.8	-1,511	-1,423	+101	97.4	38.93
June	126.3	144.8	-1,603	-1,514	+172	97.9	39.01
July	119.2	145.6	-1,779	-1,688	+ 29	99.1	38.84
August	124.7	142.2	-1,200	-1,106	+155	102.2	39.30
September	126.3	140.5	- 813	- 720	+235	103.8	39.06
October	126.4	143.6	-1,064	-1,064	+ 60	102.3	38.57
November	128.2	142.5	- 971	- 971	+ 89	102.9	38.47

FINANCIAL-Money supply M0, M2 and M4 (annual percentage change);bank sterling lending to private sector; building societies' net inflow; consumer credit†; Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow* £m	Cnsmer. credit† £m	Base rate %
1989							
2nd qtr.	6.0	13.1	18.2	+20,258	1,735	+899	14.00
3rd qtr.	5.3	10.2	17.1	+26,122	2,265	+729	14.00
4th qtr.	5.7	10.0	17.7	+20,693	1,057	+385	15.00
October	5.2	9.8	17.3	+ 5,158	704	+179	15.00
November	6.7	10.6	17.4	+ 4,848	177	+208	15.00
December	6.1	9.7	18.3	+10,687	176	- 2	15.00
1990							
1st qtr.	6.2	8.5	18.1	+22,182	1,115	+901	15.00
2nd qtr.	6.9	8.9	17.7	+16,558	2,295	+719	15.00
3rd qtr.	5.0	7.8	15.9	+16,459	1,942	+670	15.00
January	6.6	9.1	18.4	+ 5,824	389	+469	15.00
February	6.4	8.9	18.1	+ 7,143	383	+283	15.00
March	6.3	8.4	17.9	+ 9,215	363	+169	15.00
April	7.3	8.4	17.9	+ 3,908	783	+163	15.00
May	6.9	7.6	17.7	+ 5,710	703	+324	15.00
June	6.5	8.1	17.4	+ 6,960	809	+242	15.00
July	5.5	8.2	16.8	+ 4,367	883	+133	15.00
August	4.9	7.4	15.9	+ 4,680	523	+160	15.00
September	4.6	7.2	14.9	+ 7,493	556	+377	15.00
October	4.8	7.1	14.2	+ 4,583	982	+368	14.00
November					-308		14.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 18th 1931 =100); trade weighted value of sterling (1985=100)

	Earnings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters cmdty.*	Sterling*
1989							
2nd qtr.	107.8	104.4	118.2	114.9	110.2	2,014	93.6
3rd qtr.	109.6	103.1	119.7	116.0	110.7	1,912	91.7
4th qtr.	112.8	105.6	121.2	118.3	113.5	1,842	88.1
October	112.2	104.1	120.8	117.5	112.4	1,859	89.7
November	112.8	105.7	121.2	118.5	113.5	1,858	87.9
December	113.5	107.7	121.5	118.8	114.6	1,813	86.5
1990							
1st qtr.	116.0	105.7	123.1	120.4	116.9	1,836	88.1
2nd qtr.	118.6	103.5	125.7	126.0	118.6	1,904	88.6
3rd qtr.	120.7	102.4	126.5	128.1	119.7	1,803	94.2
January	115.1	107.4	122.6	119.5	116.0	1,800	87.9
February	115.6	104.6	123.0	120.2	117.0	1,799	89.6
March	117.2	105.1	123.6	121.4	117.7	1,908	87.0
April	117.4	104.7	125.1	125.1	118.8	1,929	87.1
May	118.7	103.8	125.8	126.2	120.1	1,922	88.0
June	118.8	102.1	126.1	126.7	120.0	1,860	90.4
July	119.8	101.1	125.4	126.8	118.8	1,826	93.5
August	120.7	101.9	126.9	128.1	120.9	1,782	95.3
September	121.5	104.1	127.2	128.3	120.3	1,801	93.8
October	122.3	103.4	127.9	130.3	122.4	1,737	94.8
November		105.2	128.2	130.0	121.3	1,709	

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

APPOINTMENTS

ICI group treasurer

■ Mr Norman Lyle, financial controller, ICI Colours and Fine Chemicals, has been appointed group treasurer of ICI from January 1.

■ REA BROTHERS GROUP has made the following appointments from January 2. Mr Timothy Seymour, Mr Roger Looker, Mr David Bezem, Mr Brian Birch, Mr John Maundrell and Mr David Lyons have been appointed directors of Rea Brothers; and Mr Peter Cook becomes a director of Rea Brothers (Investment Management).

■ Mr Andrew Bowes has been appointed technical director for PERSIMMON HOMES (EAST YORKSHIRE), the Beverley-based subidiary of housebuilders, Persimmon. He was technical manager.

Chief executive of Blue Circle Overseas

■ Mr Hugh Beevor is to be appointed chief executive, Blue Circle Overseas, and a board member of BLUE CIRCLE INDUSTRIES from January 1. He has been with the group since 1987, and succeeds Mr Denis Simpson who is retiring.

■ W.H. SMITH GROUP has appointed Mr Mark Woodward as group financial controller. He was previously with Touche Ross & Co. Mr Woodward succeeds Mr Paul Boyle who is joining Cadbury Schweppes.

■ Following completion of his tour of duty, Mr Jaroslav Petr, managing director of SKODA (GB), will return to Prague at the end of the year to take up an appointment as deputy managing director of Motokov with responsibility for export sales of Zetor tractors, agricultural machinery and Barum tyres. His place in Skoda (GB) will be taken by another Motokov director, Mr Ludvik Thal.

■ Mr J.M.H.P. Wetherell has been appointed chairman of the committee of LLOYD'S UNDERWRITERS' NON-MARINE ASSOCIATION.

■ HILL SAMUEL BANK has appointed as managing directors Mr Ted Emerson, Mr Bay Green, Mr Philip Guy, and Mr Garry Watson.

LANCASTRIAN BUILDING SOCIETY, Middleton, has appointed Mr Norman Houghton *(pictured)* as mortgage manager. He was assistant administration manager with the Halifax Building Society.

■ Mr Roy Arthur Cox, who became a non-executive member of the South Eastern Electricity Board in 1983, has been appointed non-executive deputy chairman of SEEBOARD.

■ Mr William Tucker has been appointed chief executive of CENTRAL MIDLANDS CO-OPERATIVE SOCIETY from February 25. He is chief executive and secretary of Ilkeston Consumer Co-operative Society.

Merged companies senior posts

■ Following the acquistion of the B. & C. UK insurance broking and financial services companies, C.E. HEATH has made these appointments to the merged companies:

Mr Brian Warburton has been appointed chairman of C.E. Heath (UK), and Mr Ken Rolls becomes managing director.

Mr Ian Wilkinson has been appointed chairman of subsidiary C.E. Heath Insurance Services, with Mr Jasper Garnham as deputy chairman, and Mr John B. Kaufman as chief executive. Mr Ken Boyce becomes chairman of subsidiary C.E. Heath Financial Services, with Mr Colin Parfitt as managing director.

■ BARCLAYS de ZOETE WEDD has appointed Mr Kent A. Logan to the new post of chief executive, US equities, based in New York. He joins from PaineWebber, Inc, where he was a managing director, director-equity division and co-director derivative product division.

■ Mr A.J. Bennett has been appointed finance director of WILTON GROUP.

■ Mr David Bradley has been appointed financial director of WOLSELEY CENTERS, Ripon, in succession to Mr Duncan Hartley who has retired. Mr Bradley was financial controller.

■ WATMOUGHS (HOLDINGS) has appointed Mr Ralph Rackley as sales director of gravure printing subsidiary D.H. Greaves, Scarborough.

CONTRACTS

US space shuttle project

JOHN BROWN, the engineering division of Trafalgar House, has been awarded a contract by Babcock & Wilcox for work in connection with NASA's space shuttle programme.

The company will carry out the US$25m (£13.3m) renovation of B&W's facility at Mt. Vernon, Indiana, where reusable steel casings for the space shuttle advanced solid rocket motors (ASRM) will be manufactured. The completed casings will be barged along the inland waterway system from Mt. Vernon to Yellow Creek, Mississippi, where Aerojet will complete the manufacturing process. The finished motors will then be barged to the shuttle launchport at Kennedy Space Centre in Florida. Initial production of the motor casings will begin in 1992 and the first ASRM-powered space shuttle launch is scheduled in August, 1996.

John Brown's contract, which is being carried out in its Mt. Vernon office, includes the engineering, procurement and construction management, and will require 70,000 manhours to accomplish. Parallelling the John Brown effort, B&W will perform a comprehensive development programme for the production process that takes extensive advantage of new materials, manufacturing techniques, automation and process control technology.

* * *

Abbey National has placed a £14.3m order with UNISYS for three 2200/622 ES mainframes. Two of the mainframes will be installed at the new data centre at Shenley near Milton Keynes opening in May 1991. The other will be used for the ongoing development of existing corporate systems.

The Unisys mainframes interface to Stratus and Olivetti equipment and support up to 5000 terminals spread over 800 locations in the UK.

* * *

BASF Coatings & Inks, a subsidiary of chemical giant BASF, has awarded CHART SERVICES a £4m contract over three years to control the nationwide distribution of its automotive paints and printing inks.

For 24 hr delivery to BASF C&I industrial customers in built-up areas, Chart devised a system based on twice weekly "designated" days for receipt of orders. It operates a 24-48 hour order turn around cycle for the rest of the UK mainland.

BASF C&I sends orders directly to Penkridge from its operating sites, where Chart plans the optimum routing, using night trunking runs via its network of UK depots.

* * *

ROLLSEC, Wolverhampton, has won a £500,000 order to produce a rollforming line for Schade Bruce, Bicester. The line will incorporate a 50-pass rollforming machine to make car component profiles for European and Japanese manufacturers.

Power supply

Contracts valued at £7.8m have been won by the transmission division of EVE GROUP. The contracts are led by a £5.2m turnkey project to supply and erect a new 12km 400kV overhead power line which will connect the new gas-fired power station being built at Killingholme, South Humberside, to the grid. Eve's work will include about 1,200 tonnes of tower steelwork, much of which will be manufactured by Eve Structures.

The contract was awarded to Eve by NEI Reyrolle which has been commissioned to construct the substation and transmission lines by the National Grid Company.

The turnkey aspects of this contract are particularly significant as the inclusion of materials procurement has not been a standard element in the specifications for such projects in recent years.

Order for ICL

As part of its development programme for the 1990s, Britannia Building Society has signed a £5m contract with ICL for additional equipment.

ICL will install its new ultra high-powered Series 39 SX 550-20 mainframe computer for the Society, in new offices which are being built opposite its present headquarters in Leek, Staffordshire.

While the new headquarters is under construction, the Society is implementing an additional node to its existing Series 39 Level 80 mainframe, to give capacity for growth into 1991. The new Series 39 SX computer will provide even greater capacity, and will give Britannia an in-house capability for resilience and disaster recovery.

When the installation is complete in early 1992 the two computers, in separate buildings, will operate as a single system. They will be joined by fibre-optic cabling which will run along subways being constructed under the main road.

The contract to supply the intelligent digital network cabling for the new building was also won by ICL.

* * *

COURTAULDS ENGINEERING, Coventry, has been awarded a £2m contract by Courtaulds Acetate to provide a building for, and including, two more filter tow lines at Spondon, Derbyshire. The facility is to be in full production by late 1990. The new facility will incorporate spinning and processing plant.

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Steady under pressure

WHAT WAS the single most important economic event of 1990? The contenders are many and diverse – German unification, the collapse of the Tokyo stock market bubble, the suspension of the Uruguay Round of trade negotations, the rise in the price of oil following Iraq's invasion of Kuwait and the slowdown in world economic growth. All were important, but no one event clearly rises above the rest.

There is, however, an underlying theme linking many of these seemingly disparate events which is of greater significance than any of them individually: the divergence of economic concerns and performance among the Group of Seven largest industrialised countries.

The world economy showed clear signs of slowing in 1990, after seven years of uninterrupted growth. But this slowdown masks the strikingly different performance of the three largest economies. Gross National Product is likely to have grown in 1990 by more than 6 per cent in Japan and 4 per cent in Germany, but by less than 1 per cent in the US.

It is hardly surprising that the objectives of policymakers in Japan and Germany have differed from those in the US, and that their policies have moved in opposite directions. In the first two countries, strong domestic demand, high capacity utilisation and tight labour markets have focused attention on the risk of inflation. Monetary policy has been progressively tightened in Japan, while German interest rates remain high and may yet go higher.

In the US, by contrast, it is the fear of recession that has prompted the Federal Reserve to cut interest rates three times since July. Short-term interest rates in the US are now lower than similar rates in both Germany and Japan, despite the higher US rate of inflation.

Divergent goals

The value of the dollar has therefore fallen against both the yen and the D-Mark throughout most of 1990. But few calls for a co-ordinated effort to halt the dollar's fall have been heard – at least from policymakers and commentators in these countries.

Co-ordination to stabilise the value of the dollar would have been inappropriate, given the divergent policy goals. The appreciation of the yen and the D-Mark has, instead, reduced the threat of inflation in Germany and Japan while making US exports more competive, thereby reducing the size of the US current account deficit as companies turn their attentions toward foreign markets.

The precipitate fall in asset values in Japan this year was in part a hangover from the last round of G7 co-ordination. Japanese monetary policy was kept loose during 1987 and 1988 to stabilise the value of the dollar in the face of the growing US fiscal deficit. Once rising product and asset price inflation prompted a rise in interest rates, stock prices fell, by over 40 per cent from the beginning of the year.

Painful strategy

Diverging economic fortunes have also given rise to tensions within the European Exchange Rate Mechanism. By joining the ERM in October, the UK has effectively adopted German monetary policy. As growth has slowed in France and Italy, and the UK has moved into recession, the Bundesbank's high interest rate strategy has become more painful and less welcome. In recent months, upward pressure on interest rates has intensified as the German budget deficit, a result of the growing cost of that other signal event of 1990, unification, has grown. Even within the EC, exchange rate co-ordination appears difficult to sustain in the presence of large budget deficits.

Equally, it was the divergent interests of producer lobbies that caused the breakdown of the Uruguay Round of trade talks in early December. Successful co-operation to liberalise trade barriers does not require economic convergence, for their removal improves economic performance, regardless of where economies are in the business cycle. Failure to reach a successful conclusion to the talks, and the growth of protectionism that would result, is the most pressing threat to living standards in the long term.

The combination of tight world monetary conditions, the rise in oil prices, and the credit squeeze caused by the emerging fragility of the US and Japanese banking system, has reduced prospects for world economic growth next year. Such financial fragility suggests that something went fundamentally wrong with the balance between deregulation and supervision during the course of the 1980s. But the problem should be manageable.

The long expansion of the 1980s is now coming to an end, but the world economy is at least in vastly better shape than before the last two oil shocks, in 1973 and 1979, which were also the years in which the last two expansions ended. The world has reason to be grateful for the divergence in performance among the major economies.

David Marsh talks to Chancellor Helmut Kohl, the FT's Man of the Year, about the challenges for Europe that lie ahead

Year of victory for modest statesman

At the end of Germany's most dramatic year since 1945, it is an unexpectedly tranquil Mr Helmut Kohl who faces the world from his Bonn chancellery desk strewn with his collection of commemorative German city medallions. Or perhaps he is just tired?

Both the chancellor's apparent metamorphosis from bumbler to statesman, and his sheer level of activity, have been startling. Culminating in German unity on October 3 and his third successive general election win four weeks ago, 1990 has swept him triumphantly into the history books. Any less solid man, sitting here like a latterday Friar Tuck blanketed in an outsize double-breasted maroon blazer, would have allowed it all to go to his head. Speaking a few days before Christmas, Mr Kohl, however, is determined to be modest: "I was not master of the situation. It was the people in the German Democratic Republic. I have complemented developments, not driven them."

In piloting Germany through to reunification, Mr Kohl has brought to the fore character strengths which were always there, but which in less propitious circumstance were obscured from view. His principal asset during 1990 has been ability to act instinctively and decisively to support an objective he always believed in. Still more importantly, he managed to convince world leaders (above all, President Mikhail Gorbachev) to believe in it too.

Mr Kohl over the past year correctly spotted the need to wrest East Germany quickly into Bonn's orbit before the centrifugal forces in the Soviet Union started to become destructive. With the rumblings from Moscow's collapsing empire growing ever louder, the chancellor's warning in the early summer – "We must gather in the hay before the storm" –

Mr Kohl says he respects the Bundesbank's warning that next year's prospective DM150bn deficit is too high

now has the ring of grim prophecy.

Over a longer time-scale, however, Mr Kohl wins no prizes for exceptional foresight. Only 26 months ago, in Moscow, he said publicly that he would not experience reunification. Exploiting one of the ever-useful ambiguities of the German language, he claims now that he meant that he would not live to see it while still in office, rather than that he would not see it at all.

Mr Kohl admits he has grown more relaxed. Bathed in a ruddy glow from his desk light as snowflakes flutter down outside, his fleshy features exude something like radiance. Unity has given him "deep satisfaction", he says. He appears to have hacked away some of the undergrowth of verbiage habitually clogging his syntax. His words reach the air with more clarity and persuasion than a year ago.

Three times, but without brusqueness, Mr Kohl denies having played down the financial costs of unification. Some key Bonn officials now themselves accuse the chancellor of having erred in ruling out the need for tax increases to finance unity. Somewhat lamely, the chancellor now points out that he did tell people before the general election on December 2 that there would be a need for *Opfer* (sacrifices).

Mr Kohl mutters that, the way that the Germans have been breaking Christmas spending records this year, nobody seems to have been making any sacrifices yet. And he says that, with economic growth (in west Germany) at the highest level since the end of the 1970s, Germany is never likely to be in a better position to finance unity than now.

Despite these protestations of confidence, Mr Kohl says he respects the warning of the Bundesbank that next year's prospective DM150bn budget deficit is too high. And he adds, with his mind clearly on the negotiations on European monetary union, "I am for an independent central bank." The anxieties at home and abroad about the government's mounting budget problems form one of the questionmarks left over from a year which has otherwise been littered with milestones of success. In March, Mr Kohl's Christian Democratic Union (CDU) swept to a landslide election victory in East Germany. In May, the treaty was signed on extending the *D-Mark* east of the Elbe, and the currency was introduced – against the initial will of the Bundesbank – on July 1.

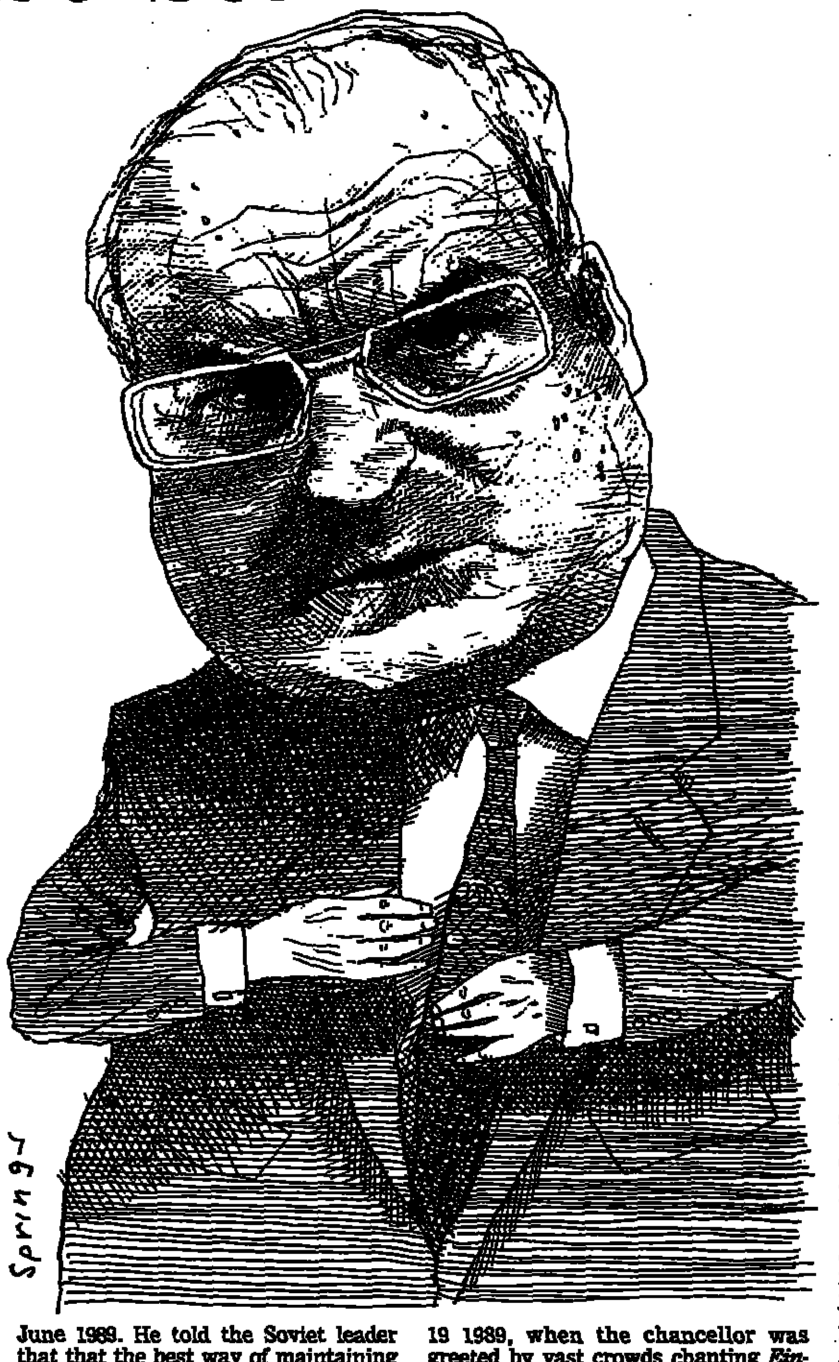
Later in July, during his visit to the Caucasus, Mr Kohl clinched the crucial accord with Mr Gorbachev that a united Germany would remain in Nato. Final agreement on German unity with the victor powers of world war two was reached in September. December saw the opening of the EC conferences on European political and monetary union which Mr Kohl says firmly will be "dramatically" speeded up by German reunification.

Though Mr Kohl certainly knows how to be rude when he wants to be, he can take off the edge with down-to-earth humour. His lack of pomposity is reassuring. He says he does not reproach London and Paris for not being prepared for reunification – because the Germans were not prepared for it themselves.

Asked about the past policy of maintaining links between the two former German states, Mr Kohl claims that buying increased personal contacts between east and west Germans through financial aid to east Berlin was all part of Bonn's long-term strategy of undermining communism. He gives some insight into his incongruous relationship with Mr Erich Honecker, the former East German leader now languishing in a Soviet military hospital near Berlin.

One bond between Mr Kohl, born in the Rhineland-Palatinate in south-west Germany, and Mr Honecker, from the nearby Saarland, was their understanding of a common regional dialect. They also share the acquaintance of several local Catholic priests whom Mr Honecker met during the 1930s. Mr Kohl reveals that, when they first met in a government guest house in Moscow in 1984 at the funeral of Mr Yuri Andropov, the introverted Mr Honecker at first appeared embarrassed. The chancellor broke the ice by suggesting that they converse for five minutes in the Palatinate dialect to prevent the eavesdropping KGB from understanding what they were saying.

When Mr Honecker came to Bonn in 1987 on his first and last official trip to West Germany, Mr Kohl says he told his visitor that he had lost contact with reality and would be eventually swept away. The chancellor also lifts an intriguing corner of the veil from his conversation with Mr Gorbachev during their famous walk in the chancellery grounds in



June 1989. He told the Soviet leader that that the best way of maintaining relations with Germany was through unification. This made Mr Gorbachev "reflective", Mr Kohl says.

In previous years, I remind the chancellor, he did not use the word *Wiedervereinigung* (reunification), but instead preferred to talk about German unity taking place as part of European unification. Mr Kohl replies that the European context was indeed all-important. He points out that the regime of the East German Socialist Unity party (SED) was basically toppled not by the Germans themselves, but by Hungary's decision in summer 1989 to open its border to the west.

When Mr Kohl delivered his 10-point plan on German unity to the Bundestag in November 1989, he says he still believed that unity would take four to five years. The turning point was his visit to Dresden on December 19 1989, when the chancellor was greeted by vast crowds chanting *Einheit* (unity). When his aircraft touched down at Dresden airport and he saw the waiting masses, Mr Kohl recalls that he turned to the faithful Mr Rudolf Seiters, his chancellery minister, who was travelling with him, and said: "*Seiters, die Sache ist gelaufen.*" (Seiters, it's in the bag). After that, Mr Kohl says, he believed that unity would be a matter of only 12 to 15 months.

Personal relationships, both with people like Mr Seiters within his "kitchen cabinet", and on the international stage, play a central role in Mr Kohl's method of doing business. The way to Mr Kohl's office, for instance, is guarded by Mrs Juliane Weber, the chancellor's personal secretary for 27 years. Aides say she provides an important part of his "intuition" in dealing with the outside world. Her desk is even fuller than Helmut Kohl's, cluttered in folksy profusion with miniature elephants, some actually standing on top of each other.

In his contacts on the international circuit, Mr Kohl says he finds out whether he can get on with fellow politicians by the way that they smile or move. "Personal chemistry" works well with George Bush, Francois Mitterrand and Mikhail Gorbachev, he says (in that order). Following his first meeting at the Rome EC summit earlier this month with the new British prime minister, Mr Kohl affirms: "I hope very much that this will be the same with John Major." Of Margaret Thatcher, he says that they had "15 years of exceptionally good co-operation and friendly relations". But he pointedly does not include her in the personal chemistry list. Mr Kohl seems struck by Mr Major's constructive pragmatism on working towards European union. Both agree that the timetable to European monetary union should not be rushed. "We have agreed that our relations will be on the basis not of protocol, but of friendship."

As Mr Kohl's year of victory draws to a close, new challenges have sprung up. At home, difficult coalition negotiations are under way on forming a new government next month; abroad, the shadows stem from Mr Gorbachev's problems – "a tightrope", says Mr Kohl – and the Gulf crisis, where he is still hopeful about the chances of an Iraqi compromise. On the outlook for east Germany, Mr Kohl says he still believes that within three to five years the new German Länder (states) will be "flourishing". The worst of the economic problems should be over by the end of next year, but the human difficulties resulting from east Germany's past will take longer to resolve, he thinks.

Mr Kohl terms "a tragedy" this

Both Mr Kohl and Mr Major agree that the timetable to European monetary union should not be rushed

month's resignation from the Bonn government of Mr Lothar de Maizière over allegations that the former East German prime minister was an informant for the Stasi, the East German security service. The lengthening number of east German politicians disqualified from office because of suspected Stasi links reinforces the impression that the west German political system has taken over the east by *Anschluss*. The chancellor says the Germans will need patience to overcome the continuing east-west divide within their own country – and patience is not one of his compatriots' virtues.

Mr Kohl's main message for his own people is to guard against Germanic provincialism. "We should not just look at our own problems. We are in the centre of Europe. Everything we do affects the rest of Europe, and therefore the world."

One of Mr Kohl's closest confidants said recently that the chancellor realised that, after the past year's excitement, he would probably never again enjoy so much power and acclaim. Asked about his own future, Mr Kohl says he does not wake up worrying about his career. "I am absolutely relaxed. I will try to do my duty and avoid mistakes."

As Mr Kohl presides over a nation still struggling to become whole again, trying to maintain good relations both with the old nation-states of the west and the disintegrating imperial system to the east, there will be plenty of room for pitfalls. Good fortune, as well as favourable personal chemistry, served Mr Kohl well in 1990. He will need quite a bit more of the same in 1991.

A yearning for spiritual wealth

LETTER FROM BUDAPEST

It is Saturday night in suburban Budapest and three trendy teenage girls stand with their eyes closed and rapture on their faces as a bearded man in a suit babbles at them. One of the girls falls away from the preacher's hand pressed against her forehead and collapses to the floor. She gets up, blinks in the light and then drifts off in the arms of her friends, dazed but still smiling. Another Hungarian soul has been baptised in the Holy Spirit and harvested by the Faith Church.

Unbelieving Hungarians joke about a different Holy Trinity: washing machine, TV and weekend house. That was what the country's corrupting communist regime offered in exchange for political passivity until the faltering economy made it unable to deliver. Now many Hungarians are looking for richer values and finding them in religion. They want both earthly and spiritual wealth.

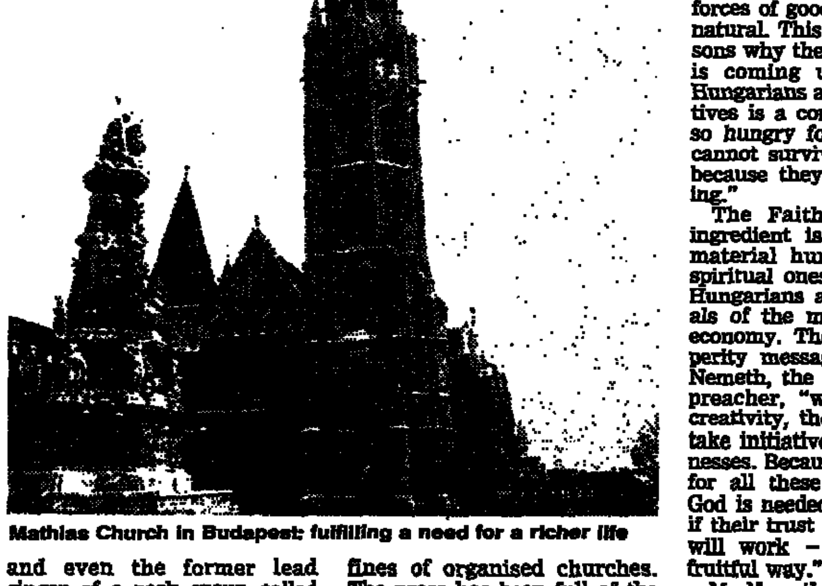
Only a part of the religious revival is fad. Opinion polls have shown an increase in religiosity since the late 1970s, fuelled largely by conversion among the young. Now that official constraints have gone, the pace appears to be accelerating.

Nowhere in Hungary is this more evident than at the Faith Church's marathon five-hour sermons at a bleakly functional sports hall in the Buda hills. There, every Saturday, 3,000 born-again Christians come for a potent American mixture of prayer, testimony of conversion, sermon, religious rock music, dancing, speaking in tongues and laying on of hands. Even more remarkable than the size of the crowd, its stamina or enthusiasm – which none of Hungary's new political parties can match – is the blazing conviction of churchgoers.

"My life has changed totally," is the constant refrain of converts. Eva Kelemen, 24 years old, has found success in a foreign trade company. Zoltan Sobonyai, a 21-year-old cigarette factory worker from Nyiregyhaza in Hungary's backward east, slept rough beneath bridges before he converted. The Turis, a middle-aged couple from Hatvan, have found "peace in our hearts". Peter Tihanyi, a 33-year-old actor, battles against homosexuality with a morning prayer.

"Nothing remains the same," says Kathy Petrocz, a student, gently but emphatically. "I wasn't a drug addict or an alcohol addict, or something like that, but the essence of my life is absolutely different. I have life like it is written in the bible; that is what I have now. Without it you are just vegetating. Life is only when you have Jesus."

This kind of conviction, seen in friends or relations, persuaded them to join, and now they reproduce and pass on the same powerful message. No wonder that the Faith Church has grown explosively: from a seven-strong prayer group in the late 1970s to about 10,000 adherents now from all walks of life. There are gypsies and Jews; Hungarians and Romanians in the three Romanian local churches; reformed criminals, drug addicts and alcoholics, and well-known politicians; and even the former lead singer of a rock group called Neurotica whose stage show involved the beheading of chickens. Now he heads a band called Amen.



Mathias Church in Budapest: fulfilling a need for a richer life

But the Faith Church is just one of the sects which proliferate in post-communist Hungary and its born-again Christianity is just one of the beliefs that have filled the spiritual void left by the decay of the communist ideal. The small Hari Krishna temple crams in curious visitors every Sunday; confirmation has become a fashion among teenagers; and "home groups" have restored some of the reputation of the traditional Catholic and Protestant churches whose establishments are tarnished by collaboration with the former regime.

Hungarians' search for the supernatural is so strong that it has burst beyond the confines of organised churches. The press has been full of the threats of young satanists who threaten to kill blonde girls from neighbouring towns; faith-healing is hugely popular; and books on eastern mysticism sell well on underground station stalls.

The rivalry between believers is lively. "Bidibidi" is one Catholic girl's nickname for the Faith Church: the sound of speaking in tongues. Behind the ridicule is a fear of preachers' hypnotic powers and distrust of the way in which the sect devours its members. Thrice-weekly home meetings of worship and therapy tend to monopolise attendants' social lives and distance them from old friends.

The Faith Church returns the hostility it meets. "All those decades of communism could not quench the very natural human thirst for the supernatural," says Mr Peter Uzoni, a full-time preacher of the Faith Church. "The great problem is that people cannot tell the difference between the forces of darkness and the forces of good. Both are supernatural. This is one of the reasons why the force of satanism is coming up very rapidly. Hungarians are rather like captives in a concentration camp, so hungry for faith that they cannot survive the first lunch because they cannot stop eating."

The Faith Church's vital ingredient is that it satisfies material hungers as well as spiritual ones at a time when Hungarians are facing the trials of the move to a market economy. The church's "prosperity message," says Sandor Nemeth, the 39-year-old senior preacher, "will release their creativity, their willingness to take initiatives and start businesses. Because faith is needed for all these things, trust in God is needed for all this, and if their trust is in God, then it will work – and in a more fruitful way."

Mr Nemeth is a living testament. He has the knee-slapping bonhomie and the snappy suit of an up-and-coming businessman. And the church's office in the central business district of Budapest looks like those of one of the private limited companies which are sprouting up all over Hungary. There is no ascetic touch in the glass tables, brass lamps, plush carpet, leather couches, and the television and video in the corner.

In Hungary's opening and booming spiritual marketplace, the Faith Church is an enterprise with prospects. As Sandor Nemeth says, "This is really the time of harvest."

Nicholas Denton

Colin Amery surveys the landscape for the dubious architectural landmarks of the past decade

Mrs T's monuments

One of the more touching memories of Mrs Margaret Thatcher was the occasion when she took television viewers round Number 10 Downing Street to show them some of her favourite things. She picked up a china figurine of soldiers hoisting the Union Jack over Port Stanley – this, she said, represented one of her proudest moments.

The Falklands War will indeed be the one thing for which she will always be remembered, but there is no grand permanent monument to that moment of *la gloire*. Great patriot though she undoubtedly is, Mrs Thatcher will not be remembered in the way that President François Mitterrand will be remembered throughout Europe.

Mr Mitterrand, sharing the love of building and grandeur with so many of his forebears, has enshrined his own memory in a series of *grands projets*. He has spent vast sums of the state's money on museums, ministries, an opera house, a great library and a new Parisian park. His new arch of triumph at La Defense is truly monumental. Where are the Thatcher equivalents?

There will be one Anglo-French monument to the Thatcher years and that is the Channel Tunnel. The irony will not be lost on historians who record Mrs Thatcher's downfall over fundamental questions of attitude towards European political and monetary union.

The actual terminal building for the Channel Tunnel rail link which is being added to the existing station at Waterloo, London, is being designed by one of Britain's leading high-tech architects, Mr Nicholas Grimshaw, but its splendour was almost irrevocably compromised by a plan to build an office block on top of the terminal. If this office development had gone ahead, huge concrete columns would almost have blocked the concourses and ruined the elegant curves of the arrival platforms.

What will be the quality of the experience as continental passengers arrive at the shuttle terminal in a valley alongside the Folkestone suburbs? No statues of Mrs T here. Only a functional and dull series of buildings that are without any sense of occasion. There will be a Brent Walker hotel and a string of fast food franchises but nothing on the scale of the terminal on the French side.

Near Calais at Coquelles the building work for the terminal occupies a site about the size of Heathrow airport. The French have planned a new town at this gateway to Europe with hotels, shopping malls, a university, business park and freight depots.

In Kent there is more fear about the transport thrombosis than excitement about the opportunities of the link. Mrs Thatcher's memory may be cursed rather than blessed as tunnel users sit in the jams on the Kentish roads, where traffic has been predicted to grow by some 294 per cent by 2025.

It is in the overcrowded south-east that most monuments to Mrs Thatcher's years are to be found. It was the heartland of her support and today remains the land of the shopping mall and supermarket and the business park.

The capital, too, benefited from a time when making money was encouraged and the yuppie was born. Retail development has scattered a range of architectural manifestations over the landscape. The two giants, Sainsbury's and Tesco compete for sites and coverage of the whole country. It is the land between the towns and the new motorways and bypasses that provides sites for DIY sheds and superstores of varying architectural merit. Tesco's toy town clock towers contrast with Sainsbury's friendly tiled barns.

Thatcher's mark: Canary Wharf, right, Thurrock Lakeside, Essex, top left, and Tesco, Colchester

During Mrs Thatcher's last complete year of office in 1989 there was a staggering quantity of retail floorspace opened. Some 14m square feet of shopping opened in schemes that were over 50,000 square feet. Most of this floorspace was in out-of-town locations, and some 57 per cent of all new retail space opened in 1989 was in retail parks.

The Metrocentre in Gateshead and the Merry Hill shopping park at Dudley in the West Midlands are typical examples of the new style of giant shopping development based on American models. Lovell, Prudential, P&O, Shearwater, Citygrove, Speyhawk, London and Edinburgh Trust, Ladbrook and Greycoat are only some of the developers which invested heavily in retail projects in the 1980s. The Thatcher years saw shopping rise and rise as the national pastime. Today things are different but the malls are there and many of them enhance old run-of-the-mill town centres and bring value for money to the public.

One of the most recent to open, Thurrock Lakeside, is a positive addition to the limbo lands of the Thames estuary. This may be where that apotheosis of Thatcherism, Essex man, does his shopping, and while doing so he can be satisfied that the development has reclaimed a disused quarry for its lakes and made space for some 9,000 cars to escape from the M25.

In many ways, perhaps, the M25, the circular motorway around London, could be seen as Mrs T's monument. It was certainly the talisman for developers during the past decade. Maps of its route and its purlieus were on the walls of every estate agent and developer in the south-east. Life was measured out in miles from the M25. Some drivers loved it so much that they found it hard to stop going round and round and round again, apparently mesmerised by the achievements of the Thatcher years.

You can see Canary Wharf from the M25. In fact you can see it from almost everywhere in the eastern part of the south-east. The 47 storeys of Olympia and York's tower above the Isle of Dogs represent the £1bn investment of the Canadian Reichmann family.

Mrs Thatcher opened the door of No 10 wide to these investors in her Dockland Enterprise Zone. Shortly before her enforced resignation she visited the gigantic building site and surveyed the tower where the owners are struggling hard to lure tenants. Only about one-fifth of the 10m square feet of this megalomanic scheme is let. In the City and other parts of London, all much more accessible than Canary Wharf, there are some 20m square feet of unlet new offices. Will her greatest monument be seen in the future as one of London's greatest follies?

In the housing field Mrs Thatcher's memory will endure with all those tenants of council houses who were enabled to buy their flats and houses on reasonable terms. She may be less popular with those developers who built or converted acres of London's Docklands into homes. Just before Christmas one of the better developments, Sir Terence Conran's Butler's Wharf, passed into the hands of the receivers. Many flats are empty, victims of the unplanned nature of a vast development site where there are no shops, roads or schools.

Mrs Thatcher once said that the city that impressed her most was Singapore. She liked its skyline and admired its cleanliness. Her attempts to emulate it, especially in Docklands, failed horribly.

For good architectural monuments to her years you have to look at Broadgate in the City and at some of the out-of-town business parks. Stockley Park near Heathrow is one of the very best with good examples of the work of many modern architects. There is little new public building of any consequence. The new concert hall in Glasgow and the new Sainsbury Wing at the National Gallery represent public and private patronage.

Perhaps the new airport at Stansted, designed for the privatised BAA will be the most elegant and civilised place to land in Britain. Mrs Thatcher rightly honoured its architect, Sir Norman Foster. The British Library is the one public structure that Mrs Thatcher's government funded to almost limitless degree. Architecturally it will not, sadly, be at all remarkable and many of its virtues are hidden in the underground book stacks.

Are the underpinnings of Mrs Thatcher's other monuments as deep or are they as superficial as the garden festivals invented during her term? Her aggressive attitudes to politics was never, mercifully, applied to building or reconstruction. What would we have been left with if Mrs Thatcher had developed Ceausescu-like building mania? I can hear her cry as she swings the demolition ball and chain: "I'm enjoying this, I'm enjoying this..."

Arise Sir Widget

Alice Rawsthorn on the mysterious workings of the honours system

So you missed out on Mrs Margaret Thatcher's 'lavender list' and that eagerly awaited envelope from the honours committee did not arrive before Christmas: you know you are not on the New Year's honours list.

Every time the list appears and you see the smiling faces of your newly ennobled colleagues and competitors in the newspapers, you feel a pang of disappointment. What can you do? How can you get a peerage, a knighthood, or a lowlier honour?

Officially, the honours system works like this. Most honours are reserved for people in public service. Junior decorations – the MBEs and British Empire Medals – tend to go to long-serving civil servants. Heads of departments in the home civil service almost automatically receive knighthoods as do compliant Tory MPs who have been on the back benches for 15 years or more.

That leaves a handful of honours left over for industry. The most an industrialist can usually hope for is to become a baron, the lowliest form of peer. Lord Hanson, for instance, is Baron of Edgerton. Industrialists generally receive the lowliest form of knighthood, too – the knight batchelor, a title awarded in medieval times to those knights too young or too poor to display their own banners.

Younger industrialists, or the heads of smaller companies, tend to get CBEs. Mr Rodney Fitch, chairman of Fitch-RS, the design consultancy, got one in the last New Year honours list, as did Mr John Ashcroft, chairman of Coloroll, a few months before he resigned and the company went into receivership. Some industrialists make their way up the lists: Lord Sterling, chairman of P&O, received a CBE in 1977, a knighthood eight years later and finally a peerage in Mrs Thatcher's resignation honours.

The system of allocation starts with the honours sub-committees of each government department, which scout around for suitable candidates to present to the main honours committee.

They write to companies in their sectors asking for the names of suitable candidates and study the letters of recommendation sent to their ministers suggesting that certain people's efforts to industry, charity and so forth "do not go unrewarded".

After the main honours committee, the names go to the prime minister, who may add a few more, thence to the honours scrutiny committee and finally to the Queen.

The critical thing for an aspirant peer or would-be knight is to make sure that their name gets on to – and stays on – the relevant list. It is here that the 'unofficial' aspects of the honours system come into play.

Some people are so desperate for honours that they hire public relations consultants or political lobbyists to help them along, for example by 'suggesting' that suitable people write letters of recommendation on their clients' behalf. PR consultants deny doing this, although – off the record, of course – they do acknowledge that "this sort of thing goes on".

Such overt manipulation of the system is a risky business. One of the chief functions of the scrutiny committee is to stamp out abuses. The committee was formed in 1922 after Lloyd George had auctioned off honours by selling baronetcies for £40,000 and knighthoods for £10,000. Today it vets the candidates to weed out any whiff of scandal or security risks.

As a result most manipulation of the system tends to be covert. Political donations seem to help. All but three of the chairmen of last year's top 10 corporate donors to the Conservative party are peers or knights. Almost all received their honours in the Thatcher years. Hanson alone received two peerages, first for Lord Hanson and then Lord White.

Taylor Woodrow is the top corporate donor to the Tory party, and even put a bust of Mrs Thatcher in its head office; Sir Frank Gibb, its recently retired chairman, received both a CBE and a knighthood under Mrs Thatcher.

In his book, The Queen Has Been Pleased, John Walker calculated that, under Mrs Thatcher, industrialists doubled their chances of getting a knighthood or peerage if they gave money to the Tory party.

Other forms of support also appear to go down well. Supporters of politically 'acceptable' causes such as Business in the Community crop up regularly on the honours lists, as do those who endow money to City Technology Colleges. The former head of one large retail group even hired an extra personal assistant to oversee his charitable activities as part of his (successful) attempt to get a knighthood.

Similarly, it seems to help if the candidate is seen to be politically supportive. One lobbyist said the tone of the annual report was crucial: complaints about high interest rates are distinctly unhelpful; a rebuke to the Confederation of British Industry for whingeing, or a compliment to the government for creating a 'favourable climate' for industry, does not go amiss.

Such sentiments have, of course, become more difficult to express in the past year as the recession has deepened. But some annual reports still carry fulsome, even syrupy, endorsements for Thatcherism.

All this could change, of course, in the Major era. It remains to be seen whether a chunky donation to the Conservative party's coffers will have the same effect in a 'classless society', or whether a would-be knight would be better advised to perch on the Tory back benches for 15 years.

LETTERS

Call for British car safety grading system

From Mr Richard B Tait.

Sir, In his article ("Assessing safety by numbers", December 8), Stuart Marshall reports that Volkswagen is working on a system of grading a car's crash resistance, so that it can be given a numerical safety rating. There are already at least two such systems in existence.

One is compiled by the Highway Loss Data Institute, USA, which has been reporting on passenger injury and collision losses since 1972. The institute is funded by the insurance industry and publishes reports available to the general public, on most models on the American market.

The other is published by the leading Swedish car insurer Folksam and has been available since 1969, and again covers the leading models of cars on the Swedish market.

It is regrettable that the British insurance industry has not seen fit to help us choose cars for their safety by publishing similar research data.

I am sure that the consumer would prefer an initiative for numerical safety ratings to come from insurance companies rather than from car manufacturers.

Let us hope that our insurance industry gets its act together soon and gives the consumer the information already available in other countries.

As a Saab owner, I am pleased to tell you that the Saab 9000 comes out best in its class in both reports and better than the cars mentioned by Stuart Marshall, namely BMW, Mercedes and Volvo.

Richard B Tait,
Ham Glebe,
Church Road,
Ham, Richmond, Surrey

Decline in manufacturing investment must be halted – and then reversed

From Mr Alfred J Gooding.

Sir, The report by Mr Peter Marsh ("Investment fall points to deeper recession", December 20) on investment trends should be compulsory reading for all concerned with the UK's economic performance.

It is indeed most worrying that the Central Statistical Office is predicting a 3 per cent reduction in manufacturing investment this year and a horrendous 7 per cent further reduction next year. And of course it should be noted that the CSO is not some kind of outside pressure group: it is an arm of government – indeed, under the wing of HM Treasury itself.

Unless this downward trend is halted and then reversed our prospects in the single market will be very poor indeed.

The crucial issue is how best to encourage industry to invest, especially at a time when demand is being depressed and sterling is at an uncompetitive level. Cutting interest rates would be of some help; so too would reducing the rates of corporation tax. But I seriously doubt whether either (or even both) would have the desired effect as quickly as is essential.

My own view is that the best course would be for the government to restore temporarily the 100 per cent first year capital allowances phased out between 1984 and 1986.

While it may be true that under that regime some investment was undertaken with the sole object of taking advantage of the allowances, my own long and wide experience of the manufacturing sector convinces me that the vast bulk of investment was well worthwhile and fully justified.

What is patently clear is that unless some decisive action is taken by government to stimulate the manufacturing sector to invest, the prospects for the economy as a whole will be bad – to put it mildly. If the government cannot be persuaded to reintroduce free depreciation, it would be interesting to learn what other policy changes it has in mind. Something must be done, and done quickly.

Alfred J Gooding,
chairman, Gooding Group,
27 Park Place,
Cardiff CF1

Regional arts bodies were better off without Enhancement Fund

From Dewi Lewis.

Sir, And so the grand share-out of the Arts Council's new Enhancement Fund has awarded more than 80 per cent of the £5.4m available to London-based companies. For those of us working in the arts in the regions, this should come as no surprise – it was always thus.

What *is* most alarming about the Enhancement Fund has been the process, or rather lack of process. The standard procedures of application and assessment, which the Arts Council has prided itself on developing as professional and good practice over a period of many years, have been abandoned wholesale. Arts bodies have been denied legitimate opportunity to present their case through application. Instead, we see patronage of the worst sort. These grants cannot pretend to be the result of objective analysis.

Arts Council secretary-general Anthony Everitt has said: "We have not spread the butter thin." But what he has omitted to say is that this new scheme replaces the incentive scheme which, despite many problems, was at least open to all arts bodies through formal application. The butter may not be thinly spread but when the bread to put it on is being taken away, does it really matter?

Dewi Lewis,
director, Cornerhouse,
Greater Manchester Arts Centre, 70 Oxford Street,
Manchester

Isaac Rosenberg

From Mr Bernard McGee.

Sir, In her review of the Isaac Rosenberg exhibition at the Imperial War Museum ("The modeller who met his Waterloo", December 7), Patricia Morison says the words "poet and artist" were not allowed on Rosenberg's tombstone.

These words are, in fact, inscribed on his headstone in Bailleul Road East Cemetery, France (with artist preceding poet). The family's original request was that the words should be engraved immediately after his name, and it was this request that was refused.

Bernard McGee,
information officer,
Commonwealth War Graves Commission,
2 Marlow Road,
Maidenhead, Berks.

British Gas denies having wish to dominate

From Mr Ivan J Whitting.

Sir, The developments in the approach of British Gas to the use of natural gas in CHP, combined cycle power generation, and district heating schemes ("Support for heat-power schemes a volte face for BG", Letters, December 20) reflects our knowledge of the greater future availability of gas reserves, both in this country and worldwide.

After the oil crises of the '70s, it was generally accepted that gas as a national resource was not available in sufficient quantities. That view has changed in the light of knowledge gained over the last decade: proven reserves are now estimated as sufficient for well over 50 years at present higher demand levels, against only 20 years in the early '70s.

In addition, natural gas is seen as part of the solution to growing environmental concerns. Technological, construction and other advances have produced more efficient and economic power generation. Similarly, advances in means of reducing heat transmission losses and improved control systems make district heating a more economic proposition. Finally electricity privatisation has given opportunities for independent power producers.

In short, the energy world has moved on and British Gas has moved with it. We certainly wish to play a part in the new electricity market. But to suggest we wish to dominate such an enormous and multi-faceted market is, frankly, absurd.

Ivan J Whitting,
HQ director of corporate affairs,
British Gas,
Rivermill House,
152 Grosvenor Road, SW1

Personality tests do what they set out to do – but they are no crystal ball for success

From Mr JD Morgan.

Sir, Simon Holberton's article ("Researchers question value of personality testing", December 20) referring to Professor Blinkhorn's research, correctly identifies the popular misconception that personality tests are able to predict success at work.

They are not designed to do so: they are designed to measure personality, and personality is only a small part of the variance associated with success at anything. One of the tests that my company recommends has been developing steadily over 40 years, and has some 3,000 published papers to its credit.

What it identifies with a high probability of success is the likely behaviour of an individual, his or her likely reaction to stress, and the type of job environment and team role most likely to make him or her most productive, all other things being equal. It can certainly identify people who are unlikely to succeed in a given work environment. But I stress the words likely and unlikely.

Its use in conjunction with good interviewing, reference checking, and work record is effective both from a cost and benefit point of view. Like all the tests we sell, its provenance is approved by the British Psychological Society.

There are, however, unfortunately, other instruments on the market without this depth of research behind them, and without BPS approval, and users will find that the results are superficially attractive, but without substance.

Some of our biggest clients, using tests to predict sales success, have accumulated statistical data indicating that salesmen we rate most likely to succeed by means of tests are earning over £2,000 more per quarter than those in the lowest categories. However, the evidence, as they say, is only statistical.

JD Morgan, MSc,
chairman, The Test Agency Ltd
Cournswood House, North Dean, High Wycombe, Bucks

UK COMPANY NEWS

Barclays to make £153m French bank acquisition

By David Lascelles, Banking Editor

BARCLAYS, the large UK clearing bank group, will be paying FFr1.5bn (£153m) for L'Européene de Banque, the Paris-based bank which it recently confirmed it was negotiating to buy.

In an announcement yesterday, Barclays said it had acquired 51 per cent immediately, and had signed a commitment to buy the remainder early next year.

The seller is Crédit Commercial de France.

L'Européene de Banque is a 173-year-old bank specialising in upmarket retail banking services and fund management. At the end of last year it had assets of FFr14.1bn and 16 branch offices.

It also owns Laffitte Investissement, an investment and insurance products company with a direct sales force of 200 people and more than 20 outlets serving 40,000 customers.

Yesterday's deal includes L'Européene de Banque's large and prestigiously located Paris head office in Rue Laffitte into which Barclays will now consolidate its French headquarters.

This will enable Barclays to sell its current premises, netting an expected FFr500m (£51m) and increasing the financial attractions of the purchase.

Mr Humphrey Norrington, executive director of overseas operations for Barclays, said the deal would greatly enhance Barclays' presence in France, which was one of the principal legs of his bank's European strategy. The acquisition will double the size of Barclays' retail market presence to more than 70 offices and 100,000 customers.

He said Laffitte Investissement would give Barclays an outlet for its investment banking and financial services subsidiaries both in France and elsewhere in Europe.

"We see this as a unique opportunity to acquire a leading direct sales operation of a sort which only rarely becomes available," he said.

The price represents a premium of about 60 per cent over L'Européene de Banque's net asset value. Mr Norrington said this was justified by the higher returns which Barclays believed it could achieve by merging the operations and making fuller use of the Laffitte sales force. Last year, the bank earned FFr60m, but will probably earn less this year because of the slump in the stock market.

National Westminster Bank had previously broken off negotiations to buy the same bank, because, it is believed, it thought the price being asked by CCF was too high.

B'ham Mint forecasts £1.7m in bid defence

By Michiyo Nakamoto

BIRMINGHAM MINT, the specialist engineer noted for minting money, yesterday made a further attempt to beat off a hostile bid from IMI, the international engineering group, by forecasting substantially higher profits for the year to March 1991.

In its strongest act of self-defence to date, the company sent a circular to shareholders informing them that it expects annual pre-tax profits to rise from £200,000 to £1.7m.

Birmingham Mint also revealed that it had been in discussions with a third party, also engaged in the minting business, about a recommended offer at a price "significantly in excess" of IMI's offer of 95p per ordinary share which values the target at £13.6m.

Mr Tony Cross, the chairman reiterated the board's view that the company was worth more than the 95p per share being offered by IMI, "reinforced by the third party discussions which have recently taken place." Those discussions were called off when IMI raised its cash bid from an initial 85p per share to 95p last week.

Shareholders were also reminded that a dividend of 6.5p per share for the year would be recommended, an 18 per cent increase. Earnings per share are forecast to increase from 2.5p to 9.2p.

Expectations of higher profits were based on an exceptional property portfolio of £550,000, the disposal of various businesses and improvements in the core businesses.

In response, IMI repeated its argument that the recovery was not good enough for shareholders to stay with the company and that improved figures were largely based on an exceptional property profit.

Birmingham Mint also argued that its shares could rise further. They were unchanged yesterday at 93p.

Following confirmation that the offer would not be referred IMI has continued to increase its stake in Birmingham and by Thursday held 38.6 per cent. With acceptances, it speaks for 41.49 per cent of the equity.

Property decline takes toll on Turnbull Scott

Depressed property activity was the main cause of the sharp dive in profits at Turnbull Scott Holdings for the six months to September 30.

Turnover fell from £18.04m to £14.81m and the pre-tax figure of £729,000 compared with £2.01m in the previous first half.

There is no interim dividend payment. Last time the company, which is also involved in shipping, insurance, industrial services and security, paid 4.5p.

The directors said that in the first half of last year eight industrial unit sales contributed £1.69m, against one sale with £137,000 profit this time. The company's decision to close, and then sell, business centres was the cause of the extraordinary debit of £237,000 (£15,000 credit).

The company warned that the full year outcome was unlikely to be any better than for the first half. The cost of increased borrowings was expected to neutralise the additional trading profit from the core shipping businesses.

A marriage made in boardroom heaven

Alice Rawsthorn and Clare Pearson on why Cupid aimed its arrow at Pronuptia

WHEN CUPID plighted its troth to Pronuptia yesterday, their marriage of convenience not only created one of the biggest forces in the bridalwear industry but strengthened their defences in an increasingly competitive marketplace.

Cupid is one of Britain's biggest manufacturers of bridalwear. Pronuptia, the business it is buying from Stenhouse Western, is a leading player in retailing.

Moreover, these companies, like the rest of the bridalwear industry, benefited from an extraordinarily buoyant market in the 1980s.

But even marriage is not immune to recession. The slowdown in consumer spending has already affected the amount of money people are prepared to spend on veils, dresses and satin slippers for their wedding day, although bridalwear is not suffering to the same extent as other areas of consumer industry. However, the uncertain outlook for the economy, combined with adverse demographic trends, suggests that 1991 will be an even more difficult year.

The 1980s was a prosperous decade for bridalwear. The number of marriages remained relatively stable, at just under 350,000 a year. But everything from the economic climate of conspicuous consumption to the television pictures of a succession of blushing royal brides encouraged people to spend more money on increasingly extravagant weddings.

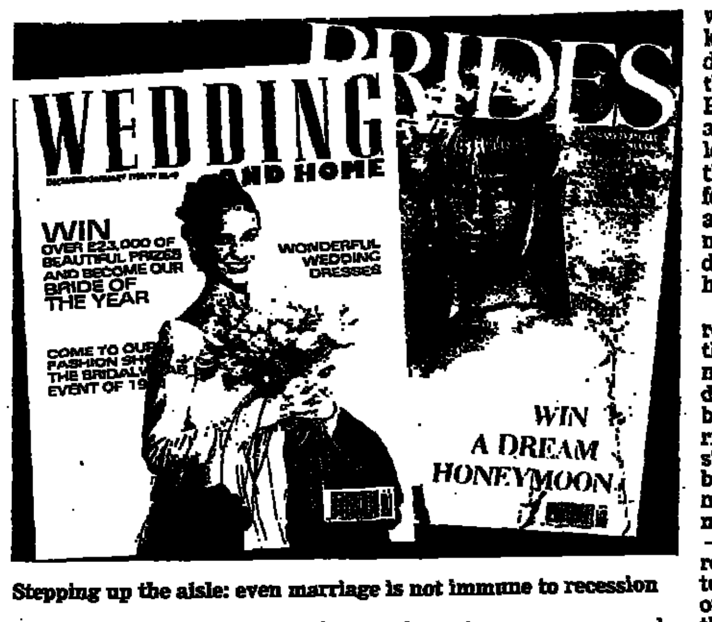
The annual survey published by Wedding and Home magazine suggests that expenditure on weddings has risen well ahead of inflation since the mid-1980s. The survey, compiled from a readers' questionnaire, estimates the cost of the average wedding at £4,952 in 1989, 24 per cent higher than in 1988 and nearly twice as much as five years previously.

Almost everything about weddings became more expensive. The cost of an average dress more than doubled from £250 in 1985 to £518 in 1989, according to Wedding and Home. Men forked out for toppers and tails rather than wearing conventional lounge suits.

There were also more "extras", such as videos of the event and helicopters or hot air balloons to whisk the happy couple away.

Ms Sandra Boler, editor of Brides magazine, says that by the end of the decade people were spending freely on "themed weddings", in which every aspect of the day follows a particular theme. There were nautical weddings at which the page boys wore sailor suits and the couple left by boat. One bride even arrived at her "Christmas wedding" in a Santa Claus sleigh pulled by reindeer.

The buoyant state of the market attracted new investors to the bridalwear industry.



Stepping up the aisle: even marriage is not immune to recession

Cupid staged a series of acquisitions in 1987 and 1988. Also in 1988 Stenhouse took over Pronuptia-Youngs, which included the Youngs men's formalwear business as well as bridalwear. The other main players, such as Bridal Fashions, a subsidiary of the William Baird textile group, and Berketex, one of the larger retailers, expanded too.

However the recession has already taken a toll on the market. Mr Bruce Marwin, managing director of Bridal Fashions, said sales have "certainly been affected" by the slowdown in consumer spending, albeit not so badly as the mainstream clothing market.

This pattern was also apparent in the last economic recession of the late 1970s and early 1980s. People cut back the amount of money they spent on bridalwear, along with everything else, but were still prepared to scrimp and save for their wedding days. Mr Mike Murray, managing director of Cupid, said there was a "slight, but not severe" reduction in expenditure during the early 1980s.

The consensus in the bridalwear industry is that the market probably suffered a slight decline in 1990 and will fall further again in 1991. Ms Boler of Brides magazine said there are already signs of people prolonging engagements, to allow themselves more time to save for their weddings. They were also having cheaper copies made of their chosen wedding dress and spending less on honeymoons.

The problems posed by the recession will be aggravated by the demographic trend for the number of 18 to 24-year-olds to decline which means there will be fewer people getting married for the first time. This should be offset to some extent by the rising divorce rate – nearly two out of every five marriages now end in divorce – and the resulting increase in remarriage. However, people tend to spend less on their second or third weddings than on their first.

These parallel problems will intensify the pressure on the bridalwear industry. For a manufacturer like Cupid, the logical solution was to extend its interests in retailing through the takeover of Pronuptia, thereby boosting its profit margins by making the most of a large and captive customer base.

Given the competitive state of the bridalwear business, it should not be long before other companies are forced to follow Cupid's lead with yet more marriages of convenience.

Guinness is largest spirits distributor in Australia

By Clay Harris

GUINNESS agreed yesterday to buy a 50 per cent shareholding in Bundaberg rum, Australia's largest selling spirit, in a deal which makes it the country's biggest spirits distributor.

The drinks group bought the stake in Bundaberg Distilling from Carlton and United Breweries, the Australian arm of the Foster's Brewing empire which includes Courage in the UK.

Guinness, whose Johnnie Walker Red is Australia's largest selling scotch, also bought Carlton's spirits distribution business. The price was not disclosed, although it is believed to be less than £50m.

Guinness said that the transaction was not material in the context of its own net assets.

Bundaberg sells 600,000 cases of its rum a year, most of it in Australia. The other half of the Queensland-based distiller is owned by Millaquin Sugar. The deal is conditional on approval by the Australian Foreign Investments Review Board.

Last month, Guinness made two investments in continental Europe, agreeing £530m for Cruz del Campo, Spain's largest brewer, and about £100m for a 67.5 per cent stake in Asbach, producer of Germany's leading premium brandy.

Egerton defers half year pref payments

In the light of current market conditions, Egerton Trust has decided to defer its half yearly dividend on its two classes of preference shares, and review the position when the annual results are published.

The news hit the ordinary shares. At one time the price was halved but at the end of the day it stood at 11p, down 6p.

Egerton is headed by Mr Frank Sanderson, and is engaged in commercial and residential property development, mineral operations and construction. For the first half of 1990 its pre-tax profits fell from £9.64m to £889,000 and it passed the ordinary dividend.

For the year 1989, the preference dividends cost £1.17m.

Poddington shares at 6p on return from suspension

By Clare Pearson

DEALINGS in shares of Poddington, the Pea family cartoon characters company, recommenced on the Third Market yesterday, ending a six-month suspension which followed the arrest of Mr Leonard Lee, the former chairman.

The shares finished the day at 6p – the price on suspension was 77p. After the Third Market is abolished on Monday, they will be traded under the matched bargain rules.

On Thursday shareholders in Poddington, which incurred an operating loss of £256,225 (£68,928) and a loss per share of 1.5p (0.4p) in the first half of 1990, gave the go-ahead for the company to continue trading even though its net assets were half, or less, of the called up capital.

Shareholders were told that the company would be in loss for the full year, but that the directors were "cautiously confident" about the future.

Serif Cowells, the toys and printing group, has agreed to market the Pea characters.

Mr Lee, who resigned on July 30, has been charged with offences under Section 47 of the Financial Services Act, which covers false markets and market manipulation.

FT-A FIXED INTEREST INDICES

This year a technical problem concerning stocks moving from one index to another has led to the values of the 5-15 year and over 15 year gilt indices diverging significantly from the performance of the underlying stocks.

This problem has been corrected and a one-off change in the value of the indices will be made on December 31.

The following list gives details of the cumulative percentage corrections to be made at certain important dates:

5-15 year index: March 31 −0.12; June 30 −0.23; September 30 −0.34. Over 15 year index: March 31 +0.82; June 30 +1.48; September 30 +2.34.

Accrued Interest

In order to make it possible to calculate net of tax rates of return for the various fixed interest indices, publication will start on January 2, 1991 of a statistic which represents the amount of accrued interest included in the quoted gross price index.

The number of stocks in each index sector, as well as the boundaries of the coupon bands, will also be shown in the daily table from January 2.

Discontinuation of the Preference Share Index

In recent years there has been a serious deterioration in the reliability of the price data used in this small index.

A seminar on investment indices held earlier this year at the Institute of Actuaries confirmed the lack of interest in it among the financial community.

It has therefore been decided to cease calculation of the Preference Share Index from January 2 1990.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	100	97	Aberforth Smaller Co.	100		–	–	–	–
–	F.P.	–	30	28	Do. Warrants	30		–	–	–	–
240	100	–	169	141	East Midlands Elect. 50p	145	–2	R15.04	1.7	7.0	10.0
240	100	–	149½	135	Eastern Elect. 50p	137	–1	R14.45	1.6	7.0	10.6
§100	F.P.	–	103	95	‡Eidos 10p	95		–	–	–	–
–	F.P.	–	2575	2525	Eurotunnel Finder. Wrrnts	2550	–25	–	–	–	–
2	F.P.	–	4½	2¼	Finlan Group 1p	2¼	–¼	–	–	–	–
240	100	–	152½	138	London Elect. 50p	138	–4	R14.9	1.7	7.1	9.8
–	F.P.	–	22	19	‡MMI 1p	19		†1.0	2.4	7.0	7.3
240	100	–	180	159	Manweb 50p	168	–4	R16.0	1.8	6.9	9.3
240	100	–	159½	137	Midlands Elect. 50p	138	–3	R15.04	1.8	7.2	9.1
240	100	–	157½	139	Northern Elect. 50p	147	–1	R16.25	1.9	7.5	8.4
240	100	–	156	144	Norweb 50p	146	–2	R15.63	1.7	7.3	10.4
†	F.P.	–	17	8	‡Paramount 2½p	9½		–	–	–	–
£2400	1000	–	£1600	£1450	Reg. Elect. Pkg. Unit	£1450	–25	–	–	–	–
240	100	–	152	139	Seeboard 50p	141		R14.76	1.7	7.0	10.6
§100	F.P.	–	96	68	Smaller Cos. Inv. Tst50p	68		–	–	–	–
–	F.P.	–	23	16	Do. Warrants	16	–1	–	–	–	–
240	100	–	174	159	South Wales Elect. 50p	170½	+½	R15.96	1.9	6.9	9.5
240	100	–	158	144	South Western Elect. 50p	149	–1	R15.2	1.6	7.0	10.9
240	100	–	157	139	Southern Elect. 50p	140½	–1½	R14.45	1.6	6.9	10.5
50	F.P.	–	45	38	Trio Inv. Tst.	45		–	–	–	–
–	F.P.	–	11	5	Do. Warrants	9		–	–	–	–
240	100	–	173	152½	Yorkshire Elect. 50p	158½	–½	R15.44	2.1	6.9	8.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	99½p	Bank of Scotland 9¼pc Non Cm Pf £1	99½p	–¼
100	F.P.	-	101	60	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	65	
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	86	
4	P/P	29/11	38p	32½p	‡Greenacre Group Cv. Rd. Prf. 70p	35p	
35	-	-	32½	30½	Crowwood Securities 8pc Cv Ln 2000	32½	
100p	F.P.	28/9	104p	91p	Perkins Foods 8p (Net) Cv Rd Pf	102p	–1
100p	F.P.	-	121½p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	121½p	
100p	F.P.	-	102p	96p	TT Group 10¾pc Cnv. Red. Prf. 1997	100p	
100	F.P.	-	110½	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	107½	–½
100p	F.P.	-	110p	103p	Worcester Cm Rd Cv Pf	108p	–2
100p	F.P.	-	105p	43p	Wyndham Group 9.375pc Cm.Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
50	Nil	–	8pm	4pm	Castle Holdings 10p	4pm	–1
170	Nil	–	23pm	15pm	Control Techs. 10p	15pm	
65½	Nil	–	½pm	¼pm	Intl. Bus. Comms.	½pm	+¼
5	Nil	–	¼pm	¼pm	‡Merchant Man. Est. 'A'	¼pm	
6	Nil	–	½pm	¼pm	‡Survey Group 5p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. t Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Dec 17
- Last Dealings Jan 4
- Last Declarations Mar 27
- For settlement Apr 8

For rate indications see end of London Share Service

Calls: Amstrad, Astra Hldgs., Brent Walker, Control Secs., Hanson Trust, Monument Oil & Gas, Monarch Res., Next, Tuskar Res. Put & Call: Eurotunnel Warrants.

ECONOMIC DIARY

TODAY: New Japanese cabinet announced.

TOMORROW: Ivory Coast holds first multi-party local elections (postponed from December 16).

MONDAY: New Year's honours list published. The Department of the Eniviron-ment publishes: housing and construction statistics Part 1 No.43 - September quarter 1990; statistics up to third quarter 1990 on housebuilding starts and completions by sector, country and region, dwellings for the chronically sick and disabled - England; completions by number of bedrooms - England; mortgage advances and house prices; building materials: production, deliveries and stocks. Half yearly statistics and registered rents. Italy hands over European Community presidency to Luxembourg. Spanish banks have been instructed that the current 10 per cent limit on domestic credit expansion will end today.

TUESDAY: Congo due to name transitional government. The old 5p coin ceases to be legal tender. Public records for 1960 released. A new pay framework for nurses becomes effective.

WEDNESDAY: US Commerce Department issues figures for construction spending during November. Institute of British Geographers conference at Sheffield University.

THURSDAY: The Treasury publishes UK official rer-serves figures for December. The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators. US Commerce Department issues figures for single-family home sales (November). The 102nd US Congress convenes in Washington. International Boat Show opens at Earls Court in London. About 1.5m Turkish workers plan to stay away from work in defiance of laws which ban general strikes. Oxford farming conference (until January 4).

FRIDAY: US employment situation in December.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday December 28 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Dec 27 Index No.	Mon Dec 24 Index No.	Fri Dec 21 Index No.	Year ago (approx) Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (196)	720.76	-0.1	14.76	6.62	8.27	35.31	721.48	719.27	721.34	927.39	960.80 4/1	658.43 24/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	985.09	-0.3	14.63	6.20	8.42	45.71	988.02	978.98	981.24	1142.39	1188.21 3/1	812.99 20/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1133.93	+0.1	16.48	7.09	7.88	59.58	1133.25	1121.92	1123.21	1551.82	1621.44 4/1	993.11 24/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	1884.47	.....	14.91	7.08	8.20	99.22	1884.58	1892.21	1902.93	2664.89	2751.15 4/1	1762.48 2/11	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1539.44	.....	10.40	5.59	12.81	61.02	1539.64	1541.09	1546.11	1930.96	2044.72 9/1	1486.79 24/9	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	399.98	.....	16.78	6.10	7.14	17.27	400.06	403.36	404.08	0.00	502.42 13/6	387.22 8/11	502.42 13/6/90	387.22 8/11/90
7	Engineering-General (48)	365.49	+0.2	16.00	7.02	7.54	19.28	364.84	364.18	364.49	0.00	505.10 15/6	344.45 8/11	505.10 15/6/90	344.45 8/11/90
8	Metals and Metal Forming (8)	404.32	.....	22.60	8.51	5.46	25.45	404.30	403.29	402.18	478.70	515.57 4/1	383.07 20/11	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	295.99	+0.7	16.86	8.13	6.91	17.45	293.93	294.24	294.97	386.31	403.90 4/1	260.41 24/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1244.09	-0.4	13.50	6.57	8.57	62.67	1249.32	1243.95	1251.29	1738.28	1774.64 3/1	1103.89 1/11	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (178)	1231.67	-0.1	9.95	4.23	12.49	38.20	1233.24	1224.58	1231.81	1331.80	1357.03 3/1	1121.42 24/9	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1597.40	-0.4	10.20	3.89	12.08	42.93	1603.83	1591.91	1600.13	1546.20	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (19)	1034.03	.....	11.23	4.79	10.97	34.87	1034.18	1032.12	1036.35	1173.45	1184.41 3/1	959.38 24/9	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2287.95	-0.2	9.85	3.29	13.25	64.97	2292.15	2281.68	2296.13	2315.06	2617.14 27/7	2188.04 30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (18)	2571.03	-0.2	6.95	2.95	17.05	59.28	2576.85	2552.46	2576.26	2722.96	2795.49 4/1	2166.10 24/8	2795.49 4/1/90	175.38 28/5/80
29	Leisure (32)	1217.10	-0.5	12.20	5.49	9.94	48.00	1222.76	1205.61	1208.69	1671.48	1717.22 9/1	1117.43 24/9	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	525.71	+0.8	10.16	6.54	12.08	24.32	521.57	522.34	522.01	557.55	625.01 17/7	470.91 28/9	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (13)	2969.45	+0.4	12.10	6.39	10.34	140.95	2956.44	2959.34	2962.78	3782.54	3853.61 4/1	2764.16 28/9	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	786.45	+0.1	10.85	4.64	12.00	25.73	785.36	777.47	783.45	802.39	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (12)	412.07	.....	14.13	8.62	9.08	27.62	412.00	411.36	411.47	529.97	554.37 4/1	388.59 24/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (105)	1013.62	-0.2	12.56	5.70	9.63	35.54	1015.61	1009.36	1015.09	1204.08	1233.52 3/1	932.53 24/9	1233.52 3/1/90	58.63 6/1/75
41	Agencies (14)	953.43	+1.3	11.12	3.53	10.89	25.06	941.37	920.13	923.33	1564.46	1757.73 15/6	875.75 5/12	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (23)	1044.54	-0.2	12.99	6.46	9.09	51.96	1046.75	1045.01	1051.58	1242.60	1335.87 14/6	940.57 24/9	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	1299.13	-0.3	13.55	7.70	8.79	45.14	1303.21	1291.13	1302.13	1637.07	1722.31 14/6	1200.88 12/11	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	1905.49	+0.1	13.66	5.38	9.00	79.19	1902.93	1899.25	1904.83	2342.98	2458.00 4/1	1736.14 14/11	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks(3)	1165.21	-0.6	11.48	4.34	11.33	27.94	1172.16	1164.99	1177.30	1264.84	1290.72 3/1	1017.41 26/9	1290.72 3/1/90	517.92 30/11/84
47	Water(10)	2220.60	+0.7	14.11	6.31	8.00	68.12	2206.25	2188.87	2175.51	0.00	2235.85 10/12	1820.20 1/5	2235.85 10/12/90	1820.20 1/5/90
48	Miscellaneous (27)	1568.61	-0.4	11.89	5.73	9.78	66.29	1575.62	1569.52	1572.10	1968.45	1981.35 3/1	1445.37 24/9	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (479)	1039.99	-0.1	11.80	5.20	10.39	37.64	1041.48	1035.33	1040.70	1205.72	1234.94 3/1	950.55 24/9	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (21)	2316.22	-1.0	9.66	5.50	13.52	95.42	2339.50	2341.88	2315.05	2464.61	2528.70 3/8	2111.34 30/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1144.96	-0.3	11.47	5.25	10.77	42.32	1148.10	1142.54	1145.52	1310.62	1338.65 3/1	1068.52 28/9	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (102)	713.30	-0.3	–	6.72	–	35.36	715.13	712.63	715.86	866.85	869.67 3/1	621.68 24/9	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	761.24	+0.1	21.15	7.61	6.19	43.40	760.61	755.73	760.51	892.48	918.30 2/2	650.43 24/9	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1277.15	-0.3	–	6.01	–	55.82	1280.71	1276.23	1278.73	1463.80	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	613.71	-0.9	–	6.97	–	32.08	619.31	618.77	622.29	768.11	763.09 2/1	526.46 24/9	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1011.86	+0.7	7.48	6.40	17.52	48.39	1005.07	994.74	993.12	1187.21	1194.74 4/1	757.70 24/9	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	355.92	-0.4	5.47	5.77	24.36	15.48	357.40	358.51	357.96	483.49	502.02 8/2	319.38 24/9	547.59 12/10/87	31.21 7/1/75
69	Property (44)	963.06	-0.5	7.30	5.17	18.53	35.10	967.81	967.39	971.50	1233.07	1242.53 4/1	834.72 24/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (21)	252.56	-0.4	10.85	7.20	11.65	14.00	253.51	253.63	254.50	340.64	350.59 4/1	233.78 1/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1006.30	-0.3	–	4.03	–	29.58	1009.26	1008.16	1008.44	1296.98	1323.81 4/1	954.21 28/9	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1203.87	-0.3	11.86	7.67	10.04	70.90	1206.92	1200.81	1199.39	1604.27	1614.04 3/1	1036.92 2/11	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (677)	1038.43	-0.3	–	5.44	–	40.20	1041.26	1036.52	1039.42	1204.70	1226.83 3/1	962.09 24/9	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 27	Dec 24	Dec 21	Dec 20	Dec 19	Year ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2160.4	-7.4	2170.4	2160.0	2167.8	2156.3	2164.4	2158.8	2178.7	2422.7	2463.7 3/1	1990.2 28/9	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 28	Day's change %	Thu Dec 27	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.45	+0.08	118.63	0.27	12.81
2	5-15 years	127.07	....	127.07	–	13.63
3	Over 15 years	129.80	-0.04	129.85	–	12.32
4	Irredeemables	146.18	+0.06	146.09	–	14.69
5	All stocks	126.22	+0.02	126.29	0.10	13.39
	Index-Linked					
6	Up to 5 years	156.78	-0.04	156.84	–	3.04
7	Over 5 years	143.56	-0.08	143.68	–	4.15
8	All stocks	144.44	-0.08	144.55	–	4.06
9	Debentures & Loans	104.36	+0.18	104.17	–	11.35
10	Preference	74.33	+0.11	74.24	–	6.66

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 28	Thu Dec 27	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years	10.08	10.05	10.16	12.36 2/5	9.43 26/11
2	Coupons	15 years	10.29	10.27	9.58	11.94 30/4	9.58 2/1
3		25 years	10.31	10.30	9.52	11.85 30/4	9.52 2/1
4	Medium	5 years	11.13	11.12	11.03	13.58 2/5	10.77 7/12
5	Coupons	15 years	10.65	10.63	9.97	12.45 27/4	9.97 2/1
6		25 years	10.45	10.44	9.65	11.98 27/4	9.65 2/1
7	High	5 years	11.23	11.22	11.17	13.67 2/5	10.89 7/12
8	Coupons	15 years	10.84	10.82	10.17	12.76 27/4	10.17 2/1
9		25 years	10.62	10.60	9.78	12.27 27/4	9.78 2/1
10	Irredeemables	†	10.46	10.45	9.66	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.19	4.13	3.85	5.48 20/7	3.46 5/10
12	Inflation rate 5%	Over 5 yrs.	4.19	4.18	3.61	4.43 17/10	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.	2.86	2.79	2.96	4.37 9/7	2.32 5/10
14	Inflation rate 10%	Over 5 yrs.	4.00	3.99	3.44	4.23 17/10	3.43 4/1
15	Debs &	5 years	12.53	12.59	13.44	16.70 30/4	12.52 14/12
16	Loans	15 years	12.33	12.37	12.46	14.48 26/4	12.27 12/1
17		25 years	12.13	12.15	12.00	13.89 4/5	11.99 2/1
18	Preference	†	12.77	12.77	10.87	13.13 5/10	10.87 2/1

‡Opening index 2163.8; 9 am 2165.7; 10 am 2168.9; 11 am 2168.2; Noon 2168.0; 1 pm 2166.8; 2 pm 2166.0; 2.30 pm 2164.0; 3 pm 2160.9; 4.10 pm 2160.7; (a) 10.22 (b) 3.35pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
CONSTITUENT CHANGES: ADDITION: Southern Electric (48). DELETION: Foseco (42).

LONDON TRADED OPTIONS

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Alld Lyons (*477)	420	64	80	83	1	5	10
	460	29	50	57	5½	13	23
	500	8	27	35	27	30	42
ASDA (*119)	110	12	17	22	2	5½	6½
	120	5½	12	16	5	10	12
	130	2	7	12	13	17	17
Brit. Airways (*143)	130	16	23	24	1½	5	8
	140	10	17	19	4½	9	14
	160	2½	7	10	20	22	25
SmKl Beecham A (*630)	550	88	105	122	2	7	12
	600	43	66	84	7	18	24
	650	12	37	55	28	38	43
Boots (*322)	300	27	41	47	4	9	12
	330	10	22	28	14	21	28
	360	2	11	16	40	40	42
B.P. (*336)	330	15	26	36	7	15	18
	360	4	13	20	26	30	33
	390	1½	5½	-	56	56	-
British Steel (*118)	110	10	15	18	1	3½	6½
	120	3½	8½	10½	6	8	10½
	130	1½	5	7	13½	14	17
Bass (*1053)	1000	70	115	140	7	22	33
	1050	35	83	110	23	40	52
	1100	14	52	80	55	68	78
C & Wire (*446)	420	37	57	70	6	14	20
	460	13	32	47	21	29	37
	500	3	18	29	58	59	63
Courtaulds (*328)	300	34	46	53	2½	7	12
	330	10	27	34	11	18	23
	360	3	15	21	35	35	40
Com. Union (*465)	420	51	63	70	1¼	9	14
	500	6	15	27	38	51	53
	550	1½	4½	-	88	95	-
GKN (*328)	300	35	40	45	4	14	17
	330	13	22	29	12	26	30
	360	5	11	20	37	48	50
Grand Met. (*677)	600	82	90	112	3	10	16
	650	34	57	78	13	25	32
	700	6½	31	52	42	47	53
I.C.I. (*873)	800	85	105	110	4	23	31
	850	45	67	82	15	42	52
	900	17	38	57	37	74	80
Kingfisher (*370)	330	44	58	-	1½	6½	-
	360	22	39	46	8	16	22
	390	7	26	29	22	27	34
Ladbroke (*248)	240	16	29	35	4½	9	14
	260	7	18	25	16½	20	25
	280	3	11	17	34	36	38
Land Secur (*524)	500	36	57	64	5½	14	22
	550	7½	28	36	32	37	45
M & S (*223)	220	9½	22	25	6	10	15
	240	3½	12	15	20	24	26
STC (*322)	300	22	22	22	½	½	1
	330	1	1	1	14	14	14
Sainsbury (*307)	300	14	27	34	5	11	14
	330	3	12	19	25	28	29
Shell Trans (*462)	460	17	32	43	11	25	28
	500	3	14	27	40	45	50
Storehouse (*119)	110	11	17	19	3½	6½	9
	120	4	11	16	9	12	14
Trafalgar (*199)	180	26	36	36	4	9	15
	200	10	24	26	9	19	22
Utd. Biscuits (*319)	300	24	34	40	3	11	13
	330	5½	15	24	16	25	28

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Unilever (*687)	650	48	72	84	6	19	25
	700	18	40	57	25	40	47
Ultramar (*324)	300	30	42	52	4	10	11
	330	10	23	33	13	22	25
Option		Jan	Mar	May	Jan	Mar	May
Elec Ptg. (*£1465)	1450	80	140	170	45	70	80
	1500	55	100	140	70	95	105
Eastern Elec (*137)	130	11	15	19	2½	4½	6
	140	5	10	14	6½	9	10½
Southern Elec (*141)	140	8	12	17	4½	7	9
	160	2	4½	8	19	19	20
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*524)	500	45	58	72	11	26	32
	550	20	32	47	37	53	58
BAA (*415)	390	40	58	65	7	13	19
	420	20	39	47	20	25	30
BAT Inds (*584)	550	57	70	82	9	23	29
	600	22	38	55	30	42	50
BTR (*321)	300	33	37	47	5	12	14
	330	13	20	3016	-	25	29
Brit. Telecom (*292)	280	18	30	36	7½	11	14½
	300	7	19	24	17½	21	24
Cadbury Sch (*320)	300	32	39	49	4½	12	15
	330	13	23	32	16	26	29
Guinness (*763)	750	45	67	90	22	35	40
	800	22	42	64	47	62	67
GEC (*175)	160	17	26	29	3	4½	8
	180	6	13	16½	11½	14½	17
Hanson (*195)	180	14	22	25½	4½	7	9½
	200	4½	11½	15	16½	17½	19½
LASMO (*380)	360	35	45	60	7	13	18
	390	18	30	42	20	28	30
Lucas Inds (*145)	140	14	20	26	7	1012	-
	160	4	12	16	17	23	25
P. & O (*536)	500	55	65	78	11	25	30
	550	23	35	53	32	49	54
Pilkington (*178)	160	24	32	33	3	7	11
	180	12	22	21	10	14	20
Prudential (*197)	180	23	26	30	2	6½	7½
	200	11	13	19	8½	14	16
Racal (*174)	160	22	30	34	5	8½	11
	180	10	19	23	14	18	21
R.T.Z. (*452)	420	49	54	67	9	19	23
	460	22	31	45	24	38	40
Scot. & New (*365)	360	22	35	42	15	21	26
	390	7	22	28	35	38	45
Tesco (*230)	220	18	25	32	4½	8	9
	240	8	14	22	14	18	20
Thames Water (*275)	260	19	28	33	6	11	15
	280	8	17	24	17	21	25
Water Hldg Ptg (*£2670)	2350	280	-	-	35	-	-
	2400	240	-	-	55	-	-
Option		Jan			Jan		
Ferranti (*14)	20	1	-	-	7	-	-
	25	½	-	-	12	-	-
Option		Feb	Apr	Jul	Feb	Apr	Jul
Fisons (*372)	360	28	36	48	9	15	17
	390	11½	20	31	24	29	31
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Nat. (*231)	220	21	23	29	8	10	12
	240	10	14	19	19	21	24

Option		CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
Amstrad (*62)	60	8	11½	14	3½	5½	7
	70	3½	7	10½	10	12	12½
Barclays (*363)	360	28	33	40	24	27	30
	390	12	23	28	44	47	50
Blue Circle (*219)	200	32	34	38	6	11	14
	220	18	22	28	14	22	23
British Gas (*230)	220	18	26	30	7	8	12
	240	8½	15	18	17	18	22
Dixons (*141)	140	12	17	20	9½	12	15
	160	4½	9	14	23	25	25
Glaxo (*853)	850	53	80	104	35	44	52
	900	30	54	77	60	69	70
Hawker Sidd. (*438)	420	49	59	69	17	27	34
	460	28	39	48	34	45	52
Hillsdown (*248)	240	24	30	36	8½	13	15
	260	14	20	26	19	23	25
Lonrho (*221)	220	13	20	23	16½	22	24
	240	6	11	14	33	36	38
Midland Bk (*189)	180	20	23	25	14	16	21
	200	10	14	16	28	33	34
Reuters (*701)	700	68	103	124	62	83	94
	750	47	-	-	96	-	-
R Royce (*161)	160	14	17	21	10	13	15
	180	6½	9	14	22	26	28
Sears (*85)	80	11	13	16	4½	7	8
	90	5½	8½	10½	9	12	14
THF (*249)	240	22	29	34	8	14	15
	260	11½	18	22	16½	24	26
Thorn EMI (*677)	650	61	80	83	16	25	33
	700	30	50	53	37	43	56
TSB (*136)	130	11	16	18	4	6	8
	140	6	11	13	9	12	13
Vaal Reefs (*$58)	50	15	17	19	5	7	9
	60	9	12	14	9	11½	14
Wellcome (*435)	420	45	62	75	18	26	30
	460	25	40	57	38	43	48

EURO FT-SE INDEX (*2161)

	1975	2025	2075	2125	2175	2225	2275	2325
CALLS								
Dec	200	150	100	51	8	½	½	½
Jan	220	175	131	95	65	41	22	11
Feb	-	197	-	122	-	68	-	31
Mar	-	230	-	155	-	93	-	41
Jun	-	270	-	205	-	147	-	108
Sep	-	318	-	260	-	213	-	160
PUTS								
Dec	½	1	1½	3	11	60	110	160
Jan	15	20	26	38	56	84	115	157
Feb	-	35	-	58	-	100	-	165
Mar	-	43	-	75	-	117	-	175
Jun	-	70	-	100	-	137	-	187
Sep	-	80	-	103	-	140	-	190

FT-SE INDEX (*2161)

	1950	2000	2050	2100	2150	2200	2250	2300
CALLS								
Dec	224	174	124	75	25	1	½	½
Jan	250	198	153	117	78	50	30	17
Feb	270	225	185	148	112	80	57	38
Mar	287	246	205	169	137	103	79	58
Jun †	-	290	-	223	-	180	-	118
PUTS								
Dec	1	1	1	1½	4½	40	90	140
Jan	14	17	24	33	51	75	105	144
Feb	27	30	38	51	66	90	125	160
Mar	34	39	50	65	85	105	135	168
Jun †	-	68	-	100	-	137	-	197

December 28 Total Contracts 20,658
Calls 13,447 Puts 7,211
FT-SE Index Calls 8,360 Puts 4,090
Euro FT-SE Calls 719 Puts 656
*Underlying security price. † Long dated expiry moths

CS Holding rejects problems on capital reserves judgment

By William Dullforce in Geneva

CS HOLDING, the parent company for the Credit Suisse group, yesterday dismissed as false reports that an adverse ruling by the Swiss Federal Tribunal (supreme court) could cause serious problems for it or for the big Swiss bank.

But its statement appeared to hint at the possibility that the holding company could move abroad, if the capital demands placed on it by the Swiss Banking Commission should prove to be unreasonable.

In a judgment published on December 11 the Federal Tribunal backed the Banking Commission's ruling that the CS group as a whole had to hold capital reserves in accordance with Swiss regulations.

In practice the ruling meant that Credit Suisse had to maintain capital for all the companies owned by its parent, including CS First Boston, the troubled investment banking arm.

When it adopted a holding company structure last year, the group had hoped to free for other purposes hundreds of millions of Swiss francs from Credit Suisse's reserves by circumventing the requirement that Swiss banks should hold capital equivalent to 40 per cent of the book value assets of their non-bank holdings.

CS Holding said yesterday that it would ensure that its own financial ratios were always high enough to avoid having Credit Suisse maintain capital for its sister companies.

A preliminary estimate of the amount involved showed that the holding company would easily be able to comply with the solvency regulations required, it said without giving figures.

Analysts' estimates of the extra capital have ranged from SFr400m ($308m) to SFr1bn.

The holding company concept continued to correspond fully to the goals of a diversified financial services group with a global reach, CS Holding said.

But its freedom of manoeuvre and flexibility were now being impaired, although not destroyed, by its being located in Switzerland.

However, it commented, the Banking Commission had always emphasised that it was prepared to relax solvency rules for individual operations, if it were shown that the demands placed on Swiss concerns were unreasonable and hindered their ability to compete internationally.

After the Tribunal's judgment, CS Holding has until July 30 to file a consolidated balance sheet and statement of the group's capital reserves with the Banking Commission.

If the Commission rules that additional capital must be set aside, this would have to be done at the earliest by December 31 1991 – a deadline which, CS Holding said, could be extended.

Air Canada plans to sell enRoute card business

By Robert Gibbens in Montreal

AIR CANADA wants to sell its enRoute corporate travel card business. The airline which was privatised in 1989 faces strong pressure on profits as a result of the North American recession.

The 12-year-old enRoute has 300,000 card holders, mainly in Canada, and is the world's largest airline-owned credit card system.

Studies have shown it has a good future in the US market, but heavy investment would be needed.

The card faces competition mainly from American Express which has moved aggressively into the Canadian corporate travel market in the past year.

Air Canada said it was not prepared to make the investment required to expand enRoute and would sell all or part of the operating subsidiary. It said enRoute was profitable but would not reveal financial details.

Air Canada is returning to its core airline business and has raised several hundred million dollars from the sale of non-airline investments, including 16 per cent of GPA Group. The airline is also cutting its workforce by nearly 3,000.

● Falconbridge, the Canadian resources group, warned that its year-end earnings will be lower because of lower nickel prices and the higher cost of oil, Reuter reports.

"Our earnings have been hit by the higher price of oil for the last five months," said Mr Lars-Eric Johansson, vice-president and chief financial officer.

"Nickel prices are down quite substantially compared with last year," Mr Johansson said in an interview. "Earnings will be down compared with last year."

Mr Johansson said Falconbridge saw nickel prices weakening to around $3.60 to $3.70 per pound.

Surprise sale of controlling UIC stake

By Joyce Quek in Singapore

UNITED Industrial Corporation (UIC), the Singapore conglomerate, has ended the year with another surprise move. Mr Oei Hong Leong, the man who boldly used UIC to take over a property giant twice its size, announced yesterday that he had sold the bulk of his UIC stake to Indonesia's biggest tycoon, Mr Liem Sioe Liong, and would no longer be at the company's helm.

Mr Oei will reap S$291.2m (US$169.3m) from the sale of 182m UIC shares at S$1.60 each to KMP Private Limited, a company in which Mr Liem has a significant stake. Mr Oei reduced his stake from 22.5 per cent to 4.7 per cent while Mr Liem is just shy of the 25 per cent trigger for a general takeover offer, a move which he said would not be making.

Mr Liem added that he did not intend to change the management nor seek a seat on the board at the present time.

Mr Oei will step down as president and chief executive officer but remains a director. He emigrated from Indonesia to Singapore but members of his family are still in Indonesia where they have a joint venture with Mr Liem.

Mr Oei, who has often left the market startled by his bold moves, launched the region's largest takeover bid, at S$2.6bn, for Singapore Land in April. By May, he succeeded in gaining 72.6 per cent of his hostile target,thus making the combined UIC-Singland group Singapore's largest listed groupand the biggest in property as well.

When Singland was fending off UIC's unwelcome moves, it was said that Mr Liem had been proposed as a white knight but nothing came of that.

Mr Liem had long been interested in investing in Singapore, especially in property and Singland fitted the bill with its prime properties in choice locations.

Last month, UIC announced a complicated deal in which Singland would make two acquisitions worth S$201.7m to gain majority control of the city's largest shopping complex and a first-class hotel.

In return, the vendor, Mr Liem's Finnegan Investments, was to use the proceeds to subscribe for 100.86m new shares in UIC at S$2 a share, a hefty premium against the S$1.35 Mr Liem paid UIC chairman Lee Kim Yew for his 25.32m shares. The deal was aborted last week but not before Mr Oei and Mr Liem engaged in a buying spree of UIC shares amid speculation that Mr Liem was fighting for control against Mr Oei.

Wacoal now turns its attention to Europe

Alice Rawsthorn reports on the ambitions of Japan's largest lingerie group

The Spiral building in Aoyama is one of the trendiest places in Tokyo. Fashionable, young things wander around its art galleries, theatres and bars.

The building is owned by Wacoal, the largest lingerie manufacturer in Japan. Yet the owner's name is barely visible. Wacoal, which favours the philosophic approach to management so common in Japan but quite mystifying to the West, sees Spiral as a vehicle for nurturing its image as a "physical culture corporation" not as a means of boosting sales.

Wacoal has dominated the Japanese lingerie market for decades. Today it is turning its attention overseas. It moved into North America in the early 1980s and now, in the early 1990s, it is setting its sights on Europe.

This new era of international expansion seems a long way away from Wacoal's roots in the ruins of post-war Japan. Mr Koichi Tsukamoto, its chairman, founded the group in Kyoto in the late 1940s. He began by selling accessories and then started to make bras.

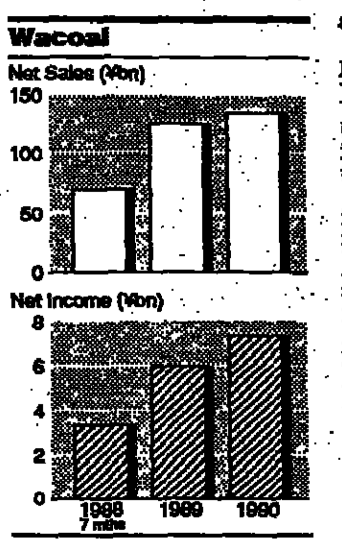
Within five years Wacoal had established itself as Japan's leading lingerie manufacturer. The Wacoal of today claims 25 per cent of the Y400bn ($2.9bn) Japanese lingerie market and 50 per cent of the market for the more expensive products sold in department and speciality stores.

In the mass market its cheaper Wing brand is pitched against other Japanese products, such as Gunze. The more expensive Wacoal brand competes with imported brands, such as Triumph of Switzerland.

Wacoal is still run from Kyoto, although its Japanese products are manufactured in eight factories across the country. In recent years it has concentrated on improving productivity – by the development of computer-controlled manufacturing systems – and service.

It recently transfered 50 per cent of its Wing production from South Korea and Thailand back to Japan. This was partly because of the rise in South Korean labour costs and partly because lingerie is now so sensitive to fashion that Wacoal needs to manufacture locally to respond to changes in consumer demand.

However, there is little scope for further growth in the Japanese lingerie market, which



reached maturity ten years ago. Mr Kiyoshi Okuda, senior managing director, said Wacoal anticipates growth of no more than "a few percentage points" in the 1990s. The group is now looking for growth from other products.

Ten years ago it diversified into women's clothing and more recently into menswear. It has also invested in a series of other ventures including a chain of frozen yoghurt shops and a futuristic concept car.

Lingerie is still the biggest part of Wacoal's business, providing 65 per cent of its Y134bn turnover – and the bulk of its Y16.6bn pre-tax profits – in its last financial year to March 31.

Wacoal is not only expanding into new products; it is also introducing its original lingerie business into other countries. It is already established as the leading lingerie brand in Asia: it supplies the Asian market from plants in South Korea, Taiwan and Thailand. But the main focus for expansion is now on the West.

In 1981 Wacoal began a business in the US. It operates from an administrative centre in New York and supplies the US market from plants in the Caribbean and Asia. Its US sales have now reached $25m.

The US range is based on the designs developed for the Japanese market, but adapted to suit the different tastes and larger sizes of American women.

Wacoal began in the US by selling its signature products at the upper-end of the market and, having established a niche position, is now moving into the mass market with the introduction earlier this year of Parfage, as a cheaper brand.

Wacoal envisages adopting a similar strategy in Europe. It opened an office in Paris in January and has since dispatched a team of executives from Japan – including two designers – to study the European market.

Mr Okuda said Wacoal plans to start selling its products in Europe in two years time. It will compete against Playtex and Warnaco, its competitors in the US, in the mass market and against La Perla of Italy as well as Triumph at the upper end.

Initially Wacoal will import its European range from Asia. Once it has achieved sufficient sales it will start to manufacture locally, possibly in eastern Europe or North Africa, so that it can provide a satisfactory standard of service for its European customers.

So far, Wacoal has adopted a slow, steady approach to its international expansion and Mr Okuda sees no reason to change this strategy. Nevertheless, Wacoal is determined to stay in the forefront of the new breed of ambitious Japanese textile companies, including Toray and Renown, as they diversify overseas.

US groups win prize Soviet telecom orders

By Alan Cane

MILLICOM, a fast-growing, New York based telecommunications company, and Belle Mead International Telephone of New Jersey are to share one of the prize contracts in mobile communications – the development and provision of cellular telephone services in the Soviet Union.

Consortia headed by the two companies are to be licensed to operate cellular telephone networks in Moscow and the regions.

Millicom, a pioneer in mobile communications, said yesterday it had signed a letter of intent with the Soviet Ministry of Communications. The letter of intent was entered into by a group comprising its associate company, Millicom International Cellular, US West International and the Soviet Eye Microsurgery Science and Technology Complex.

Millicom said it was not able to put a dollar value on the contract, but it was a "very important" deal.

The Eye Microsurgery Complex is run by the internationally renowned surgeon Prof Svyatoslav Fyodorov who, Millicom said, had been its Soviet partner during the negotiations. In addition to his medical activities, Prof Fyodorov is an active entrepreneur with interests in hotels and farming and considerable political influence.

Mr Shelby Bryan, Millicom chairman, said the Millicom group would transfer US management and telecommunications marketing techniques to the USSR and would: "Build an organisation with its Soviet partners that will be international in content and vision."

He went on: "The Soviet government has been highly receptive to foreign investment in this area. We recognise that there are vast economic opportunities for Soviet and American enterprises who are willing to expend the effort and resources."

Cellular telephone services, which depend on radio transmission rather than signals carried through cables buried in the ground, are seen in eastern Europe as a rapid solution to the shortage of communications capacity.

Hungary, for example, has licensed US West to operate a cellular network with Hungarian Telecommunications, the state operator, while in Czechoslovakia US West and Bell Atlantic are developing a service which should begin next year.

The Millicom group's service will start in Moscow, probably in the late summer of 1991. The letter of intent also envisages that the Millicom group would help develop advanced personal communication services, of the kind it is pioneering in the US and the UK, for use in the Soviet Union.

Nyckeln sees no alternative to bankruptcy

THE CHAIRMAN of Sweden's crisis-hit finance company Nyckeln Holding told an extraordinary meeting there was probably no alternative to bankruptcy of the finance company, Reuter reports.

The Nyckeln group has been the key element in a liquidity crisis which has rocked Sweden's financial markets and caused large loan losses for several Swedish banks.

Mr Michael Hasselquist, chairman, said a proposal by a court-appointed executor that Nyckeln Holdings's creditors would write off 60 per cent of the company's debts had not been approved by a sufficient number of creditors.

"There is probably no alternative to a bankruptcy," he added.

Mr Hasselquist said the Gota Bank unit of bank and finance group Gota, a lead bank in the consortium which lent to Nyckeln, had earlier filed bankruptcy petitions against Nyckeln.

He added that despite the probable bankruptcy, a proposal for creditors to write off 25 per cent of the debts of Nyckeln's subsidiary Finans Nyckeln was likely to be accepted.

Mr Hasselquist said Nyckeln had debts totalling around SKr4bn ($698m) while Finans AB Nyckeln's debts amounted to SKr8bn.

Harris Pharmaceuticals takeover approved

By Karen Zagor in New York

IVAX, a diversified US company whose products range from pharmaceuticals to specialty chemicals, yesterday said its shareholders had approved the acquisition of the UK's Harris Pharmaceuticals Limited for $73.4m.

Harris Pharmaceuticals, a privately held company which makes and markets generic drugs in the UK and whose products include metered dose inhalers for asthma sufferers, last year had net profits of about $4.02m on sales of about $64.4m.

Dr Phillip Frost, chairman of IVAX, said: "Harris Pharmaceuticals provides immediate access to the entire British, Irish, European and certain African markets that promise to be of great significance in the near future."

IVAX has a number of drugs in development, including Nalmefene which it expects to the the first drug to treat interstitial cystitis and anti-AIDS drug which the company hopes will to be less toxic alternative to AZT.

● Wheeling-Pittsburgh, the US steelmaker which is emerging from bankruptcy proceedings after a five and a half years, said yesterday that it expected to take a special charge against its fourth quarter earnings of $170m, writes Nikki Tait in New York.

Of this sum, $74m relates to the funding of "post-employment" medical insurance benefits agreed by the company when it signed the labour contract agreement with its employees in December.

A further $96m is to cover an adjustment to prior estimates for the present value of post-employment medical and life insurance benefits.

Wheeling-Pittsburgh said that this was needed in order to reflect current medical costs expectations, and certain actuarial refinements.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$386.45	+4.30	$401.00	$420.25	$345.75
Silver Per troy oz	215.00p	-3.00	324.00p	323.50p	204.15p
Aluminium 99.7% (cash)	$1528.5	+14.5	$1627.5	$2227.5	$1380.0
Copper Grade A (cash)	£1329.0	+3.0	£1513.5	£1796.0	£1244.0
Lead(cash)	£322.0	+8.5	£446.50	£790	£315.5
Nickel (cash)	$8290	-295	$8275	$11375	$6075
Zinc SHG (cash)	$1253	-0.5	$1305	$1889	$1236.5
Tin (cash)	$5605	-57.5	$6935.0	$7020	$5547.5
Cocoa Futures (Mar)	£658	-19	£628	£967	£622
Coffee Futures (Mar)	£575	-9	£643	£757	£548
Sugar (LDP Raw)	$243.4	-1.6	$321	$386.4	$241.7
Barley Futures (Mar)	£118.20	-0.50	£113.30	£120.45	£103.45
Wheat Futures (Mar)	£123.15	+0.25	£117.45	£124.20	£111.00
Cotton Outlook A Index	85.00c	+0.20	76.85c	82.70c	73.70c
Wool (64s Super)	414p	-	576p	580p	398p
Oil (Brent Blend)	$26.75w	+0.825	$20.225	$39.175	$15.575

Per tonne unless otherwise stated †Unquoted p-pence/kg. c-cents lb. w-February

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$22.55-2.75t	+0.45
Brent Blend (dated)	$27.10-7.20	+0.15
Brent Blend (February)	$26.70-6.80	+0.40
W.T.I. (1 pm est)	$27.35-7.40t	+0.485
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$265-268	
Gas Oil	$278-279	
Heavy Fuel Oil	$136-139	-1.5
Naphtha	$268-271	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$386.45	+3.95
Silver (per troy oz)♣	408.45c	-0.30
Platinum (per troy oz)	$412.00	+4.00
Palladium (per troy oz)	$82.55	-0.95
Aluminium (free market)	$1540	
Copper (US Producer)	117c	
Lead (US Producer)	50c	
Nickel (free market)	384c	+4
Tin (Kuala Lumpur market)	15.00r	+0.01
Tin (New York)	281c	
Zinc (US Prime Western)	70c	
Cattle (live weight)†	108.70p	*-0.91
Sheep (dead weight)†	182.83p	*+15.8
Pigs (live weight)†	81.31p	*+6.68
London daily sugar (raw)	$243.4z	-8.2
London daily sugar (white)	$305.0z	-2.0
Tate and Lyle export price	£238.5	-2.0
Barley (English feed)	£122.5z	
Maize (US No. 3 yellow)	£153.0	
Wheat (US Dark Northern)	£87.0	
Rubber (Feb)♥	52.00p	
Rubber (Mar)♥	52.25p	
Rubber (KL RSS No 1 Jan)	240.0m	+0.5
Coconut oil (Philippines)§	$335.0z	
Palm Oil (Malaysian)§	$330v	
Copra (Philippines)§	$235x	
Soyabeans (US)	£140	-1
Cotton "A" index	85.00c	+0.40
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated p-pence/kg. c-cents/lb r-ringgit/kg q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	209.00	216.40	216.80 206.00
May	212.80	218.60	217.00 211.40
Aug	217.00	222.00	221.00 218.00
Oct	217.00	220.60	220.60 216.20
Dec	220.00	230.00	220.00
White	Close	Previous	High/Low
Mar	299.0	301.5	303.0 296.5
May	298.6	301.5	300.0 297.0
Aug	305.0	308.5	306.5 303.0

Turnover: Raw 2035 (1888) lots of 50 tonnes. White 985 (622)
Paris- White (FFr per tonne): Mar 1525, May 1530, Aug 1581, Oct 1478.

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Feb	26.85	26.49	26.65 26.45
Mar	25.87	25.27	25.87 25.40
Apr	24.79	24.22	24.79 24.50
Jun	23.00		23.00
IPE Index	26.48	26.58	

Turnover 17563 (7172)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Jan	265.75	264.50	268.25 261.25
Feb	251.75	251.00	252.00 249.00
Mar	239.00	236.00	239.50 235.00
Apr	223.00	220.00	224.00 219.00
May	217.00	211.00	217.00 211.50
Jun	213.00	207.00	213.00 210.00
Jul	212.00	205.00	212.00 208.00

Turnover 15018 (5048) lots of 100 tonnes

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Mar	658	670	668 652
May	692	706	702 688
Jul	719	733	732 715
Sep	748	764	762 747
Dec	781	795	791 779
Mar	810	818	818 801

Turnover: 2611 (3585) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec 28 868.10 (896.42) 10 day average for Dec 28 895.33 (897.89)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Jan	604	596	604 580
Mar	575	571	574 567
May	580	585	584 575
Jul	598	601	599 592
Sep	612	616	611 607
Nov	625	631	626 623

Turnover:3293 (3505) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec 27: Comp. daily 69.79 (70.46). 15 day average 73.14 (73.34)

POTATOES – BFE (£/tonne)	Close	Previous	High/Low
Feb	93.0		90.0
Apr	134.9	134.7	134.8 134.0
May	155.0		153.0

Turnover 16 (9) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)	Close	Previous	High/Low
Apr	116.00	120.00	118.50 116.00
Jun	120.00		120.00

Turnover 40 (10) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)	Close	Previous	High/Low
Jan	1453	1463	1465 1453
Apr	1328	1340	1350 1345
BFI	1446	1450	1446

Turnover 26 (29)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
Jan	119.60	119.30	119.60 119.30
Mar	123.15	122.85	122.95 122.70
May	126.60		126.60 126.15
Jun	128.20		128.00
Barley	Close	Previous	High/Low
Jan	114.50	114.55	114.40
Mar	118.20	118.15	118.20

Turnover: Wheat 104 (17), Barley 6 (30).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Feb	92.5	82.5	

Turnover 0 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 13,301 lots
Cash	1527-30	1525-30	1525	1525-6		
3 months	1562-3	1560-3	1568/1558	1559-60	1567-8	57,939 lots
Copper, Grade A (£ per tonne)						Total daily turnover 19,285 lots
Cash	1328-30	1339-40	1341/1333.5	1333.5-4		
3 months	1337-8	1350-1	1347/1335	1344.5-5.5	1339-40	104,978 lots
Lead (£ per tonne)						Total daily turnover 1,779 lots
Cash	321-3	323-5	321	321-2		
3 months	333-4	336-8	336/333	334-4.5	333-4	10,447 lots
Nickel ($ per tonne)						Total daily turnover 917 lots
Cash	8280-300	8350-400	8175/8150	8150-75		
3 months	8225-50	8350-75	8275/8175	8175-200	8260-75	7,771 lots
Tin ($ per tonne)						Total daily turnover 1,705 lots
Cash	5600-10	5590-610	5582	5582-4		
3 months	5700-10	5710-5	5710/5680	5683-8	5700-5	6,903 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,012 lots
Cash	1252-4	1263-5	1250	1250-1		
3 months	1252-3	1263-4	1257/1251	1250-1	1256-7	18,398 lots

LME Closing £/$ rate: SPOT: 1.9175 3 months: 1.8883 6 months: 1.8690 9 months: 1.8505

MGMI – London FOX	Close	Prev.	High	Low	Vol
Indx	158.7	159.2	158.7		
Jan	160.5		160.5		48
Mar	160.4	160.0	160.4		48

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	386.20-386.70	
Opening	385.00-385.50	
Morning fix	385.40	203.056
Afternoon fix	386.20	201.408
Day's high	387.10-387.60	
Day's low	384.60-385.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.88	6 months	5.41
2 months	5.71	12 months	5.34
3 months	5.60		

Silver fix	p/fine oz	US cts equiv
Spot	215.00	409.45
3 months	222.10	416.80
6 months	228.60	424.40
12 months	242.10	440.20

TRADED OPTIONS				
Coffee	Mar	May	Mar	May
500	78	84	4	4
550	40	47	18	17
600	17	22	43	42
Cocoa	Mar	May	Mar	May
600	70	102	12	11
650	38	66	30	27
700	19	41	61	50

Brent Crude	Feb	Mar	Feb	Mar
2500			53	
2550				
2600		325		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jan	394.0	386.4	384.8	384.8
Feb	396.2	387.6	398.5	387.5
Apr	399.6	390.9	400.0	390.8
Jun	403.3	394.5	404.0	395.2
Aug	408.9	398.0	399.0	399.0
Oct	410.4	401.4	402.3	402.3
Dec	414.0	404.9	410.0	405.0
Feb	418.0	408.8	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	409.9	405.4	412.0	404.5
Apr	415.3	408.9	415.8	409.0
Jul	420.3	413.2	420.5	413.5
Oct	424.3	417.1	420.5	420.5
Jan	429.1	421.9	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jan	419.0	410.0	417.5	409.0
Feb	421.8	412.8	0	0
Mar	424.5	415.5	425.0	415.5
May	430.4	421.2	430.5	423.5
Jul	436.0	426.7	436.0	429.0
Sep	441.6	432.1	438.0	437.0
Dec	448.3	439.7	446.0	445.0
Jan	451.4	441.7	0	0
Mar	457.8	449.0	0	0
May	463.7	453.8	459.0	459.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Dec 28	Dec 27	mnth ago	yr ago
1714.1	1718.6	1715.5	1818.1

DOW JONES (Base: Dec. 31 1974 = 100)	Dec 27	Dec 26	mnth ago	yr ago
Spot	123.31	123.92	123.18	127.28
Futures	126.30	126.38	124.20	129.30

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	115.80	113.25	116.40	113.80
Feb	115.60	112.50	115.90	112.60
Mar	114.10	111.10	114.50	110.80
Apr	112.85	110.15	0	0
May	111.40	109.10	111.50	109.20
Jun	110.40	108.10	0	0
Jul	109.40	107.10	109.80	107.10
Aug	108.50	108.20	0	0
Sep	107.60	105.30	107.80	105.30
Oct	106.80	104.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Feb	27.42	27.01	27.45	27.10
Mar	26.57	26.14	26.60	26.30
Apr	25.60	25.21	25.60	25.32
Jun	23.95	23.62	23.95	23.75
Jul	23.30	23.06	23.35	23.25
Aug	22.90	22.69	22.92	22.86
Sep	22.60	22.41	22.67	22.55
Oct	22.35	22.23	22.50	22.40
Nov	22.22	22.11	22.35	22.20

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	8050	8086	8135	8025
Feb	7810	7808	7850	7780
Mar	7425	7363	7425	7370
Apr	6990	6990	7000	6950
May	6710	6580	6720	6625
Jun	6460	6340	6510	6415
Jul	6360	6240	6410	6300
Aug	6450	6265	6450	6400

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1150	1149	1155	1141
May	1193	1191	1194	1184
Jul	1236	1235	1237	1231
Sep	1272	1265	1277	1271
Dec	1326	1310	0	0
Mar	1368	1350	1368	1366

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	88.65	87.95	88.95	87.25
May	91.15	90.25	91.25	90.00
Jul	93.70	92.65	93.90	92.70
Sep	95.60	95.00	96.00	95.00
Dec	98.15	97.75	98.50	98.00
May	103.75	101.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	9.37	9.70	9.84	9.33
May	9.50	9.75	9.67	9.46
Jul	9.51	9.79	9.70	9.50
Oct	9.64	9.78	9.71	9.55
Mar	9.36	9.83	9.80	9.35
May	9.77	9.95	9.77	9.76

COTTON 50,000; cents/lbs	Latest	Previous	High/Low	
Mar	77.80	76.69	77.80	76.45
May	76.19	75.57	76.30	75.35
Jul	75.25	74.87	75.40	74.80
Oct	69.47	69.10	69.47	69.40
Dec	65.60	65.32	65.60	65.35
Mar	66.55	66.12	66.45	66.21
May	66.76	66.56	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	113.50	116.50	117.95	112.25
Mar	116.15	119.60	121.50	115.45
May	119.00	121.80	123.25	117.20
Jul	120.85	123.10	125.00	119.70
Sep	121.30	123.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	558/0	561/6	563/0	557/4
Mar	573/4	577/2	578/4	573/0
May	586/4	591/4	593/0	585/0
Jul	600/0	605/4	607/0	599/4
Aug	603/0	608/0	609/2	603/0
Sep	604/4	607/0	607/0	604/4
Nov	606/4	609/6	610/4	606/0
Jan	619/2	621/2	621/4	619/2

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jan	20.70	20.86	20.88	20.69
Mar	21.09	21.24	21.26	21.08
May	21.42	21.57	21.57	21.42
Jul	21.67	21.79	21.75	21.63
Aug	21.63	21.72	21.75	21.63
Sep	21.65	21.70	21.75	21.63
Oct	21.67	21.80	21.75	21.65
Dec	21.65	21.77	21.75	21.65
Jan	21.25	21.40	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jan	162.7	163.3	164.8	162.5
Mar	168.8	168.4	170.5	167.7
May	172.7	172.3	174.9	171.8
Jul	176.6	176.4	178.7	176.2
Aug	178.4	177.8	180.0	177.8
Sep	178.3	177.5	180.5	178.3
Oct	178.2	178.5	180.5	178.0
Dec	181.5	181.0	183.0	181.0
Jan	179.5	178.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	251/0	251/2	251/6	250/4
Mar	232/6	233/0	233/6	231/6
May	240/4	240/6	241/4	239/6
Jul	247/2	247/6	248/2	246/4
Sep	248/6	249/2	250/0	248/6
Mar	257/4	258/0	258/0	257/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	261/6	262/2	262/4	258/4
May	269/4	269/4	269/4	268/4
Jul	272/0	274/2	273/4	270/2
Sep	278/2	280/2	0	0
Dec	290/6	294/0	291/0	290/0
Mar	295/2	299/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	77.20	77.25	77.37	76.95
Apr	76.27	76.60	76.57	76.15
Jun	74.77	74.80	74.90	74.55
Aug	73.02	73.10	73.17	72.96
Oct	72.80	73.00	73.20	72.80
Dec	73.40	73.60	73.79	73.40
Feb	73.80	73.80	0	0

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	49.02	48.82	49.12	48.80
Apr	47.15	47.20	47.30	46.90
Jun	51.62	51.72	51.90	51.37
Jul	51.62	51.77	51.82	51.45
Aug	49.82	50.07	50.10	49.60
Oct	44.85	44.87	0	44.85
Dec	45.40	45.42	45.70	45.40

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	63.30	62.87	63.60	62.60
Mar	62.77	62.62	63.25	62.30
May	63.60	63.35	63.90	62.95
Jul	63.60	63.12	63.85	62.60
Aug	61.25	60.97	61.60	61.05

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar's fall boosts D-Mark

THE DOLLAR weakened in very quiet end of year trading on the foreign exchanges. A larger than expected fall of 1.2 per cent in November US leading economic indicators put downward pressure on the US currency, but dealers said that a general lack of volume exaggerated the fall.

A drop of about 0.6 per cent was expected in leading indicators and the sharper decline led to increased dollar selling at a time when the currency was already falling on technical unwinding of long dollar positions.

This encouraged stop loss selling, pushing the dollar down to a low of DM1.4930. It recovered slightly towards the London close, but finished much weaker on the day, falling to DM1.4975 from DM1.5310. In Frankfurt the Bundesbank did not intervene when the dollar was fixed near the bottom of the morning's range at DM1.5149, compared with DM1.5344 on Thursday.

At the London close the US currency also fell to Y135.05 from Y136.40; to SFr1.2780 from SFr1.3060; and to FFr5.0975 from FFr5.2050. The dollar's index fell to 61.5 from 62.2.

Once again the Federal Reserve added liquidity to the New York banking system earlier than usual. On Thursday and yesterday the Fed injected liquidity into the money market very early to underline its intention of bringing Federal funds back into line with the assumed target level of 7 per cent. Funds were trading at 8¾ per cent yesterday when the Fed added money via over the weekend system repurchase agreements.

Sterling rose sharply against the dollar, but lost ground to its partners in the European Monetary System. The pound was depressed within the EMS exchange rate mechanism by the D-Mark's improvement against the dollar. Other members of the ERM also suffered a little increased pressure against the German currency.

Sterling rose 3.30 cents to $1.9220 and also improved to Y259.50 from Y257.75, but fell to DM2.8775 from DM2.8925; to FFr9.7975 from FFr9.8325; and to SFr2.4575 from SFr2.4675. Its index gained 0.2 to 93.2.

Within the ERM sterling remained the weakest currency. The French franc showed a slight overall improvement, but weakened against the D-Mark at the Paris fixing. The German currency was fixed at FFr3.4057 compared with FFr3.3970 on Thursday.

The Italian lira also lost ground to the D-Mark at the Milan fixing, but trading was very thin and dealers said that a small order was enough to move the market sharply. There was no intervention by the Bank of Italy as the D-Mark was fixed at L754.09 against L753.90 previously.

£ IN NEW YORK

Dec.28	Latest	Previous Close
£ Spot	1.9275-1.9290	1.8890-1.8900
1 month	0.89-0.88pm	0.81-0.76pm
3 months	2.51-2.48pm	2.44-2.36pm
12 months	9.00-8.90pm	8.45-8.30pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8920 - 1.9225	1.9215 - 1.9225	1.10-1.06cpm	6.74	2.86-2.79pm	5.88
Ireland†	1.7490 - 1.7680	1.7670 - 1.7680	0.54-0.49cpm	3.50	1.60-1.50pm	3.51
Canada	1.1580 - 1.1615	1.1605 - 1.1615	0.28-0.32cdis	-3.10	0.96-1.06dis	-3.48
Netherlands	1.6900 - 1.7160	1.6885 - 1.6895	0.23-0.27cdis	-1.78	0.75-0.80dis	-1.84
Belgium	31.00 - 31.45	31.00 - 31.10	5-10cdis	-2.90	15-25dis	-2.58
Denmark	5.7870 - 5.8680	5.7975 - 5.8025	1.20-1.70oredis	-3.00	3.50-4.10dis	-2.62
Germany	1.4955 - 1.5225	1.4970 - 1.4980	0.18-0.21pfdis	-1.56	0.66-0.70dis	-1.82
Portugal	134.34 - 135.85	134.35 - 134.55	30-50cdis	-3.57	160-200dis	-5.36
Spain	95.85 - 97.25	95.90 - 96.00	55-59cdis	-7.13	160-168dis	-6.84
Italy	1128.00 - 1146.50	1129.25 - 1129.75	3.50-4.50liredis	-4.25	11.00-15.00dis	-4.60
Norway	5.8850 - 5.9625	5.8975 - 5.9025	1.50-2.00oredis	-3.56	5.50-6.00dis	-3.90
France	5.0945 - 5.1700	5.0970 - 5.0980	0.93-1.10cdis	-2.39	3.20-3.45dis	-2.61

POUND SPOT - FORWARD AGAINST THE POUND

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9220	1.9112	1.8937	1.8720	1.8370
D-mark	2.8775	2.8656	2.8479	2.8302	2.8036
French Fr	9.7975	9.7618	9.7163	9.6775	9.6270
Swiss Fr.	2.4575	2.4459	2.4289	2.4081	2.3725
Yen	259.50	258.21	255.94	253.02	248.23

MONEY MARKETS

London rates steady

WHOLESALE INTEREST rates were little changed in London yesterday, with three-month interbank steady at 14-13⅞ per cent. Trading was very quiet ahead of the year-end.

Day-to-day credit remained in fairly short supply on the London money market. The Bank of England initially forecast a shortage of £800m, but revised this to £900m at noon.

Total assistance of £902m was provided. An early round of help was offered and at that time the authorities bought £417m bills outright, by way of £32m bank bills in band 1 at 13¾ per cent and £385m bank bills in band 2 at 13¾ per cent.

Before lunch another £205m bank bills were purchased in band 2 at 13¾ per cent and in the afternoon £195m bank bills were bought in band 1 at 13¾ per cent. Late assistance of £85m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £788m, with a rise in the note circulation absorbing £555m, and bank balances below target £320m. These outweighed exchequer transactions adding £865m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 13.0581 from 13.0845 per cent and the average rate on 182-day bills declined to 12.2135 from 12.2325 per cent. The £250m of 91 and 92-day bills, at a split tender, attracted bids of £1,365m and the £200m of 182-day bills received bids of £715m.

The top accepted rate of discount on 91-day bills fell to 13.0959 from 13.1560 per cent, equivalent to a price of £96.735 and receiving around 40 per cent of the amount applied for. Next week £250m 91-day bills and £200m 182-day bills will be on offer.

In Copenhagen the Danish Central Bank raised its discount rate by 1 per cent to 9½ per cent from January 2. Other rates for deposits and loans were unchanged at 9¼ per cent and 10¼ per cent respectively.

In Frankfurt call money was steady at 8.50 per cent as German banks adjusted positions ahead of the end of the year. Trading was very quiet, but it is hoped that the call rate will ease in the new year after banks have repaid heavy Lombard borrowing taken up this week. Borrowing under the emergency Lombard facility rose to DM6bn on Thursday from about DM3.4bn before the Christmas holiday.

UK clearing bank base lending rate 14 per cent from October 8, 1990

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.28) 3 months US dollars		6 months US Dollars	
bid 7 11/16	offer 7 13/16	bid 7 11/16	offer 7 13/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

		Treasury Bills and Bonds			
Prime rate	10	One month	6.07	Three year	7.44
Broker loan rate	9	Two month	6.74	Four year	7.64
Fed. funds	9	Three month	6.66	Five year	7.74
Fed funds at intervention	8¾	Six month	6.90	Seven year	8.02
		One year	6.92	10-year	8.10
		Two year	7.23	30-year	8.26

Dec.28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.45-8.55	8.95-9.10	9.00-9.15	9.10-9.25	9.20-9.35	8.50
Paris	10-10¼	9 15/16-9⅞	-	10-10⅛	-	9.25
Zurich	7¾-8¼	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	9.43-9.56	9.40-9.65	-	9.35-9.60	-	-
Tokyo	8¼-8⅜	8⅜-8½	-	8¼-8⅜	-	-
Milan	12⅞-12½	14¼-14⅝	-	13½-14⅛	-	-
Brussels	10.75	10-10¼	-	10-10¼	-	-
Dublin	10-9½	-	-	-	-	-

LONDON MONEY RATES

Dec 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13½	14½	14⅛	14⅛	13½	12⅞
Interbank Bid	12	14¼	14⅛	13⅞	13⅜	12¼
Sterling CDs	-	-	14¼	14	13⅜	12 13/16
Local Authority Deps	14¼	14¼	14¼	14	13⅜	12¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14	14⅛	13¾	13¾	-	-
Company Deposits	-	-	14 3/16	14 1/16	13½	12 13/16
Finance House Deposits	-	-	14⅜	14⅛	13½	12 13/16
Treasury Bills (Buy)	-	-	13 13/16	13 11/16	-	-
Bank Bills (Buy)	-	-	13¾	13¾	12⅞	-
Fine Trade Bills (Buy)	-	-	14½	14⅛	13⅝	-
Dollar CDs	-	-	7.55	7.55	7.45	7.50
SDR Linked Dep. Offer	-	-	9¼	9⅛	9	9
SDR Linked Dep. Bid	-	-	9⅛	8 13/16	8⅞	8⅞
ECU Linked Dep. Offer	-	-	10 11/16	10 11/16	10⅝	10⅝
ECU Linked Dep. Bid	-	-	10⅝	10⅝	10⅜	10½

Treasury Bills (sell); one-month 13 11/16 per cent; three months 13⅝ per cent; six months 12¾ per cent, Bank Bills (sell), one-month 13 11/16 per cent, three months 13 11/16 per cent; Treasury Bills; Average tender rate of discount 13.0581 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1990. Agreed rates for period Jan 26, 1990 to Feb 25, 1991, Scheme I: 14.54 p.c., Schemes II & III. 15.09 p.c. Reference rate for period Dec 1, 1990 to Dec 31, 1990, Scheme IV&V: 13.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
December	1515.0	1510.0	+9.3	1515.0	1496.0	4,055
January	1524.0	1520.0	-9.0	1524.0	1509.0	5,580
February	1523.0	1529.0	-8.0	1529.0	1523.0	110
March	1539.0	1539.0	-5.0	1539.0	1539.0	210

Estimated volume 8,222 Total Open Interest 9,955

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9220	1.9112	1.8937	1.8720	1.8370

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.8896	1.8992	1.8820	1.8654
Jun	1.8740	1.8740	1.8600	1.8428
Sep	-	1.8400	-	1.8238

BANK RETURN

BANKING DEPARTMENT	Monday December 24 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	41,603,320	-	2,547,042
Bankers Deposits	1,773,825,201	-	68,010,092
Reserve and other Accounts	6,394,919,786	-	318,155,547
	8,224,901,307	-	388,712,681
ASSETS			
Government Securities	1,938,601,113	+	509,070,000
Advance and other Accounts	1,487,510,390	-	658,918,150
Premises Equipment & other Secs	4,792,273,283	-	237,962,099
Notes	6,241,210	-	967,352
Coin	276,311	+	64,920
	8,224,901,307	-	388,712,681
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,523,758,790	+	240,967,352
Notes in Banking Department	6,241,210	-	967,352
	17,530,000,000	+	240,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	14,420,610,562	-	240,828,928
Other Securities	3,098,374,338	+	480,828,928
	17,530,000,000	+	240,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	● Hambros Bank	14	United Mizrahi Bank	14
Bank of Scotland	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Heritable & Gen Inv Bnk.	14	Western Trust	14
Barclays Bank	14	● Hill Samuel	14	Westpac Bank Corp.	14
Benchmark Bank	14	C. Hoare & Co.	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	Hongkong & Shangh	14	Yorkshire Bank	14
● Brown Shipley	14	● Leopold Joseph & Sons	14		
CL Bank Nederland	14	Lloyds Bank	14		
● Charterhouse Bank	14	Meghraj Bank Ltd	14		
Citibank NA	14	McDonnell Douglas Bnk.	14		
City Merchants Bank	14	Midland Bank	14		
Clydesdale Bank	14	Mount Banking	14		
Comm. Bk. of London Plc	14	Nat Bk. of Kuwait	15		
Co-operative Bank	*14				

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR. Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr. frequency interest credited.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the two previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 774

Treasury 10% Stk 2003 A – £94⅝♦
Exchequer 10½% Stk 2005 – £99% (21De90)

Corporation and County Stocks
No. of bargains included nil

London County 2½% Cons Stk 1920(or after) – £20 (21De90)
Greater London Council 6¾% Stk 90/92 – £93 (24De90)
Manchester(City of) 11.5% Red Stk 2007 – £97⅞ (21De90)

UK Public Boards
No. of bargains included nil

Agricultural Mortgage Corp PLC 8¾% Deb Stk 92/94 – £83 (24De90)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 13

Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) – £95 (21De90)
British Gas PLC 13% Nts 1993 – £101% (21De90)
British Telecommunications PLC 13¾% Nts 1993 (Br£100,1000&10000) – £102¾ 3¾
Coats Viyella Finance N.V. 7¾% Gtd Red Cnv Prf 2004 (Br) – 92 (21De90)
Costain Finance NV 7.5% GtdRed CnvPrf 2003 £1(Certs to Br) – 81
Granada Group PLC 11¼% Bds 2019 (Br£10000&100000) – £92¾ (21De90)
Halifax Building Society Flg Rate Ln Nts 1992(Br£5000) – £99.78
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Br£1000&10000) – £87 (21De90)
Ladbroke Group PLC 5½% Subord Cnv Bds 2004(Br£1000&5000) – £100% (21De90)
Land Securities PLC 6¾% Cnv Bds 2002 – £87 (21De90)
Leeds Permanent Building Society 9¼% Nts 1992 – £98 ¾ (21De90)
Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002 – £99 (21De90)
Royal Bank of Scotland PLC 10¾% Subord Bds 1998 (Br£5000&25000) – £91% (21De90)
Sainsbury (J) (Capital) Ld 5% Cnv Cap Bds 2004 (Br£5) – £115½
Slough Estates PLC 8% Cnv Bds 2003 – £98½
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg) – £108
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £103% (21De90)

Sterling Issues by Overseas Borrowers
No. of bargains included 3

Cigna Overseas Finance NV 13% Uns Ln Stk 2008 – £97 ¼ (21De90)
Hydro-Quebec 12.75% Ln Stk 2015 – £105¾ ½ % (21De90)
New Zealand 7¾% Stk 88/92 – £92¾
Nova Scotia(Province of) 11¾% Ln Stk 2019 – £96% (21De90)
Petroleos Mexicanos 14½% Ln Stk 2006 – £96⅜ (21De90)
Province de Quebec 12¾% Ln Stk 2020 – £101% (21De90)
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) – £86%
11% Ln Stk 2012(Br) – £96 (21De90)

Banks and Discount Companies
No. of bargains included 854

ABN-AMRO Hldgs N.V.Ord FL5 – FL31½ .6
Barclays PLC ADR (4:1) – $27.999067♦
Barclays Bank PLC 8¼% Uns Cap Ln Stk 88/93 – £90½
16% Uns Cap Ln Stk 2002/07 – £121½
Kyowa Bank Ld Shs of Com Stk Y50 – Y1025.159 (21De90)
Midland Bank PLC 10¾% Subord Uns Ln Stk 93/98 – £90½ 91 (21De90)
14% Subord Uns Ln Stk 2002/07 – £105⅝ (21De90)
Mitsubishi Trust & Banking Corp Shs of Com Stk Y50 – Y1740
National Westminster Bank PLC 7% Cum Prf £1 – 58 (24De90)
9% Subord Uns Ln Stk 1993 – £92½ 3 (24De90)
12½% Subord Uns Ln Stk 2004 – £101½ (21De90)
Royal Bank of Scotland Group PLC 5½% Cum Prf £1 – 45 (21De90)
TSB Group PLC 10⅞% Subord Ln Stk 2008 – £89
Warburg (S.G.) Group PLC 7¾% Cum Prf £1 – 73 (21De90)

Breweries and Distilleries
No. of bargains included 185

Allied-Lyons PLC 5¾% Uns Ln Stk – £47 (21De90)
6¾% Uns Ln Stk – £54 (21De90)
7¾% Uns Ln Stk 93/98 – £81½ 2
Bass PLC 3¾% Deb Stk 87/92 – £89½
8¾% Deb Stk 87/92 – £94
10.65% Deb Stk 96/99 – £96 (21De90)
7¾% Uns Ln Stk 92/97 – £81¼♦
Boddington Group PLC 9¾% Cnv Uns Ln Stk 2000/05 – £138 41 (21De90)
Burtonwood Brewery PLC 7% Cum Prf £1 – 58
Greenall Whitley PLC 8% Cum Prf £1 – 65 (21De90)
10% Deb Stk 2014 – £85½
6¾% Irrd Uns Ln Stk – £82 (21De90)
Hardys & Hansons PLC Ord 25p – 882 (24De90)
Mansfield Brewery PLC Ord £1 – 418 23 .423 (21De90)
Scottish & Newcastle Breweries PLC 7% Cnv Cum Prf £1 – 163 (24De90)
Vaux Group PLC 7% Cum Prf £1 – 53
4½% A Cum Prf £1 – 30 1 (24De90)
Whitbread & Co PLC 4½% 2nd Cum Prf Stk £1 – 34 (21De90)
7% 3rd Cum Prf Stk £1 – 58
4½% Red Deb Stk 99/2004 – £55½ (21De90)
7¾% Uns Ln Stk 95/99 – £75♦ 6♦
7¾% Uns Ln Stk 96/2000 – £79 (21De90)
5¾% Irrd Uns Ln Stk – £48 (21De90)
Young & Co's Brewery PLC 9% Cum Prf £1 – 78 (24De90)

Commercial, Industrial, etc
No. of bargains included 5280

ADT Ld ADR (10:1) – $20% ⅜ ⅜ 1¼ % ½ ⅜
AECI Ld 5½% Cum Prf R2 – 45 (21De90)
AMEC PLC 15% Uns Ln Stk 1992 – £100 1
Aegis Group PLC ADR (2:1) – $5 ⅜ .13 ¾
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p – 111 (21De90)
American Brands Inc Shs of Com Stk $3.125 – $41¼ (21De90)
Anglo United PLC Cnv Red Prf 10p – 55 (21De90)
Atlas Copco ABA Shs SK25 – SK182 4
B Shs SK25 – SK150 1 2.230769 3 (21De90)
Attwoods (Finance) NV 8½p Gtd Red Cnv Prf 5p – 124 (21De90)
Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 – 85½ 7 (21De90)
Ayrshire Metal Products PLC Ord 25p – 82 (21De90)
B.A.T Industries PLC ADR (1:1) – $10% (24De90)
BOC Group PLC ADR (1:1) – $9.55 (21De90)
12¾% Uns Ln Stk 2012/17 – £101¼ (21De90)
BTP PLC 7.5p(Net) Cnv Cum Red Prf 10p – 109
Bennett & Fountain Group PLC Warrants to sub for Ord – 2½♦
Blue Circle Industries PLC 6¾% Uns Ln Stk(1975 or aft) – £50 (21De90)
Braithwaite PLC Cnv Prf 50p – 48 (21De90)
British Airways PLC ADR (10:1) – $27½ (24De90)
British-American Tobacco Co Ld 6% 2nd Cum Prf Stk £1 – 51 (21De90)
British Steel PLC Ord 50p – 115 6½ ½ .5799 .5916 .7389 .941 7 ½ 8 8
ADR (10:1) – $22.061458 (21De90)
Brown & Jackson PLC 10.75% Cnv Cum Prf £1 – 85 6 ½ (21De90)
Bunzl PLC 7% Cnv Uns Ln Stk 95/97 – £80 3
Burton Group PLC 8% Cnv Uns Ln Stk 1996/2001 – £82
C.H.Industrials PLC 9¾% Cum Red Prf £1 – 32 (21De90)
CRT Group PLC Ord 10p – 78 (24De90)
Caffyns PLC 10% Cum Prf £1 – 80 (21De90)
Caird Group PLC 7p Cum Cnv Red Prf 2009 10p – 40
Carlton Communications PLC ADR (2:1) – $14¼
Caterpillar Inc Shs of Com Stk $1 – $48¼ (21De90)
Channel Tunnel Investments PLC 5p – 35
Charter Consolidated PLC 2p(Br) (Cpn 52) – SF10.1 (21De90)
Cityvision PLC 8.6%(Net) Cnv Cum Red Prf £1 – 78 (21De90)
Coats Patons PLC 6¾% Uns Ln Stk 2002/07 – £58 (21De90)
7¾% Uns Ln Stk 90/95 – £81 (21De90)
4.9% Cum Prf £1 – 35 (24De90)
Combined Electrical Manufacturers Ld 6% 1st Mtg Deb Stk 87/92 – £83½
Cooper (Frederick) PLC 6.5p (Net) Cnv Red Cum Ptg Prf 10p – 44 6 8
Courtaulds PLC 7¾% Deb Stk 89/94 – £89
6½% Uns Ln Stk 94/96 – £76
6½% Uns Ln Stk 94/96 – £77 (21De90)
7¾% Uns Ln Stk 94/96 – £73 (21De90)
Courtaulds Coatings (Holdings) Ld 8¾% Uns Ln Stk 90/95 – £85 (21De90)
Cowan,de Groot PLC 10½% Cum Prf £1 – 48 (24De90)
Dairy Farm International Hldgs Ld Ord $0.05(Hong Kong Register) – 20.68 $H10.35103 (21De90)
De La Rue Co PLC 2.45% Cum Prf Stk £1 – 28 (21De90)
Debenhams PLC 7¼% Uns Ln Stk 2002/07 – £58½ (24De90)
7¾% Uns Ln Stk 2002/07 – £57 (21De90)
Delta PLC 10¾% Deb Stk 95/99 – £96 (21De90)
Dencora PLC 6.25% Cum Cnv Red Prf £1 – 82 (21De90)
Diploma PLC 10½% Uns Ln Stk 90/95 – £82 (21De90)
Dowty Group PLC 7% Cnv Cum Red Prf £1 – 83 (24De90)
Elliott(B.) PLC 7% Cnv Cum Red Prf £1 – 70 1
Ericsson(L.M.)(Telefonaktiebolaget) Ser B(Reg) SK10 – $31¼ 31¾ 32 SK181 ½ 2 2 ½ ½ 3.55
Euro Disneyland S.C.A. Shs FR10 (Depositary Receipts) – 935 5 40 5 50
Shs FR10 (Br) – FR92.1
Eurotunnel PLC/Eurotunnel SA Units (1 EPLC Ord 40p & 1 ESA FR10) (Br) – FR35.8 35.82
Units (Sicovam Inscribed) – FR35½ .7
Fndr Wts(1EPLC & 1ESA WrttoSub 10 Units) – £26 26¼ (21De90)
Fndr Wts (Sicovam Inscribed) – £26
Excalibur Group PLC New Ord 5p – 48
Fisher(Albert)Group PLC Warrants To Sub For Ord – 4½
ADR (10:1) – $22¾ .675 (21De90)
Fisons PLC ADR (4:1) – $28⅜ (24De90)
Fluor Corp Com $0.625 – $37½
Folkes Group PLC Ord 5p – 58
Friendly Hotels PLC 5% Cnv Cum Red Prf £1 – 138 (21De90)
GKN (United Kingdom) PLC 10¼% Gtd Deb Stk 90/95 – £96½
General Electric Co PLC ADR (1:1) – $3.26 (21De90)
7¼% Uns Ln Stk 87/92 – £91 (24De90)
Gestetner Hldgs PLC Ord Cap 25p – 208
Glaxo Group Ld 7¾% Uns Ln Stk 85/95 50p – 40 (21De90)
Glynwed International PLC 10¾% Uns Ln Stk 94/99 – £90 91
Golden Vale PLC Ord Ir£0.01 – I£0.52 (24De90)
Great Universal Stores PLC 8¾% Uns Ln Stk 93/98 – £81
Hawker Siddeley Group PLC 5½% Cum Prf £1 – 44 (21De90)
Hepworth Capital Finance Ld 11.25% Cnv Cap Bds 2005 (Reg) – 105 6
Higgs & Hill PLC 7% Cum Prf £1 – 53 (24De90)
Honda Motor Co Ld Shs of Com Stk Y50 – Y1260 70 1.072 9.1982 .61 99.9546
Hong Kong Land Hldgs Ld Ord $0.10 (Hong Kong Reg) – $H7.18978 ¼ (21De90)
House of Fraser PLC 8¾% Uns Ln Stk 93/98 – £83½ (24De90)
Hunterprint Group PLC Ord 5p – 13
Iceland Frozen Foods Hldgs PLC Cnv Cum Red Prf 20p – 94♦
Jardine Matheson Hldgs Ld Ord $0.25 (Hong Kong Register) – $H28½ ¼
Johnson & Firth Brown PLC 11.05% Cum Prf £1 – 91 (24De90)
11% Uns Ln Stk 93/98 – £88 (21De90)
Johnson,Matthey PLC 8¾% Mtg Deb Stk 85/95 – £87 (21De90)
Kajima Corp Shs of Com Stk Y50 – Y1583.73 600 8.0381 12.1866
Keppel Corporation Ld Ord S$1 – S$5.378668
Kvaerner A.S.B Shs NK12.50 – NK179 80 9¾ .43 90.65 3
Ladbroke Group PLC ADR (1:1) – $4.59 (21De90)
Lilly (Eli) & Co Shs of Com Stk NPV – $73¾ (21De90)
Lionheart PLC Cnv Cum Red Prf 20p – 49♦
Lockheed Corporation Shs of Com Stk $1 – $33¾ (21De90)
Low(Wm) & Co PLC 6.75% Cum Cnv Red Prf £1 – 145 6½ 8 (21De90)
Lucas Industries PLC 10¾% Uns Ln Stk 92/97 – £94¼ (21De90)
MB-Caradon PLC Warrants to sub for Ord – 22
McAlpine(Alfred) PLC 9% Cum Prf £1 – 68 (21De90)
7% Cnv Uns Ln Stk 99/04 – £27
Marks & Spencer PLC ADR (6:1) – $23.44 (24De90)
Marshalls PLC 10% Cum Prf £1 – 70
Medeva PLC Warrants to sub for Ord – 40 (21De90)
Merchant Retail Group PLC 8¾% Cnv Uns Ln Stk 99/04 – £63 (24De90)
Mitsubishi Electric Corporation Shs of Com Stk Y50 – Y642 4 6.06263 8.895526 50.211 1.944
Montedison S.P.A. Savings Shs L1000 (Cpn 7) – L915 (21De90)
NCR Corp Com Stk $5 – $86¼
NSM PLC 8.5p (Net) Cnv Cum Red Prf 10p – 66
National Medical Enterprises Inc Shs of Com Stk $0.05 – $88.22006 (21De90)
Next PLC 7%"A" Cum Prf £1 – 20 (21De90)
Norsk Data AS Class "B" (Non Vtg) NK20 – NK36 ¾ 7
Northern Engineering Industries PLC 9% Uns Ln Stk 90/95 – £80 (21De90)
Oceonics Group PLC 9¾% Cum Red Prf 1993 £1 – 38 (21De90)
Perkins Foods PLC 8p(Net) Cum Cnv Red Prf 10p – 100½ (21De90)
Portsmouth&Sunderland Newspapers PLC 11.5% 2nd Cum Prf £1 – 88 90 (24De90)
R.E.A.Hldgs PLC 9% Cum Prf £1 – 50 (21De90)
12% Cnv Uns Ln Stk 2000 – £85 (21De90)
RPH Ld 4½% Uns Ln Stk 2004/09 – £20 (21De90)
9% Uns Ln Stk 99/2004 – £75 81½ (21De90)
Racal Electronics PLC ADR (2:1) – $6.6 ¾ .63
Racal Telecom PLC ADR(10:1) – $50 ¾
Ranks Hovis McDougall PLC 6% Cum "B" Prf £1 – 48 (21De90)
8¾% Uns Ln Stk 91/95 – £89 ½ (21De90)
Ransomes PLC 8.25p (Net) Cum Cnv Prf 12.5p – 60
Ratners Group PLC ADR (3:1) – $10.19 10¼ (21De90)
Reckitt & Colman Capital Finance Ld 9.5% Cnv Cap Bds 2005 – 121 ½ ¾
Rodime PLC ADS – $0⅜ 0.22 0.23 (21De90)
SD-Scicon PLC 6.5% Cnv Cum Red Prf £1 – 63
Saatchi & Saatchi Co PLC ADR (3:1) – $1¾
6% Cnv Uns Ln Stk 2015 – £25
Savoy Hotel PLC 6½% Uns Ln Stk 93/98 – £79¾ (24De90)
Sidlaw Group PLC 7¼% Uns Ln Stk 2003/08 – £53 (24De90)
Smith (W.H.) Group PLC "B" Ord 10p – 71 (21De90)
SmithKline Beecham PLC ADR (5:1) – $58.746672♦
SmithKline Beecham PLC/SmithKline ADR (1:1) – $51.77♦
Smiths Industries PLC 11¾% Deb Stk 95/2000 – £95
Storehouse PLC 9% Cnv Uns Ln Stk 1992 – £90
Tate & Lyle PLC 7¾% Deb Stk 89/94 – £87
Telfos Hldgs PLC 9% Cum Prf £1 – 65½‡ (21De90)
Tesco PLC ADR (1:1) – $4.49 (24De90)
Tilling(Thomas) PLC 8½% Uns Ln Stk 89/94 – £86½ (21De90)
Tioxide Group PLC 11¾% Uns Ln Stk 91/96 – £97¾ (21De90)
Tootal Group PLC 7¾% Uns Ln Stk 89/94 – £82 (24De90)
Trusthouse Forte PLC Warrants to sub for Ord – 44 6
9.1% Uns Ln Stk 95/2000 – £83
UniChem PLC New Ord 10p (FP/PAL–8/1/91) – 116
Unigate PLC 6¾% Uns Ln Stk 91/96 – £60
Unilever PLC ADR (4:1) – $88¾
8% Uns Ln Stk 91/2006 – £77 (24De90)
United Scientific Hldgs PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 – 40½ (21De90)
Vickers PLC 5% Prf(Non-Cum)Stk £1 – 48 (21De90)
5% Cum(Tax Free To 30p)Prf Stk £1 – 50 (21De90)
Warner-Lambert Co Com Stk $1 – $88¾ (21De90)
Westland Group PLC Warrants to sub for Ord – 41
7½% Cnv Cum Prf £1 – 133
Williams Hldgs PLC 10¾% Cum Prf £1 – 80 (21De90)
Xerox Corp Com Stk $1 – $36⅝

Electricity
No. of bargains included 15129

Eastern Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 134 4 5 5 ½ 6 6 ½ ½ 7 7 ½ 8 8 ½ 9 9
East Midlands Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 145 5 ½ 6 6 ½ ½ 7 7 ½ ½ 8 8 9 50
London Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 139 9 40 40 ½ 1 1 2 2 3 3 50
Manweb PLC Ord 50p (Regd Int Cert–100p Pd) – 168 8 9 70 70 ½ 1 1 2 2 3 4 4 5
Midlands Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 138 8 9 40 40 ½ ½ 1 1 ½ 2 2
Northern Electric PLC Ord 50p (Regd Int Cert–100p Pd) – 143 3 4 4 ½ 5 5 ½ 6 6 ½ 7 7 ½ ½ 8 8 9 9
NORWEB PLC Ord 50p (Regd Int Cert–100p Pd) – 143 3 4 4 ½ 5 5 ½ 6 6 ½ 7 7 ½ 8 8 ½ 9 ½ 50 50 ½
SEEBOARD PLC Ord 50p (Regd Int Cert–100p Pd) – 137 7 8 8 ½ 9 9 ½ 40 40 1 1 ½ 2 2 3 3
Southern Electric PLC Ord 50p (Regd Int Cert–100p Pd) – 138 8 9 9 ½ ½ 40 40 ½ ½ 1 1 ½ ½ 2 2 ½ 3 3 6
South Wales Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 160 60 1 2 ½ 3 3 4 5 5 6 7 7 ½ 8 8 ½ ½ 9 9 ½ 70 1 1
South Western Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 142 2 3 3 4 5 5 6 6 7 7 8 8 ½ ½ 9 50 1 1
Yorkshire Electricity PLC Ord 50p (Regd Int Cert–100p Pd) – 148 58 8 ½ 7 7 ½ ½ 8 8 ½ ½ 9 9 ½ 60 60 6
Regional Electricity Companies Package Units (Regd Int Cert–£1000 Pd) – £1430 40 40 5 50 5 60 60 5 5 7 70 70 3 5 5 9½ 80 80 2 3 5 6 6 90 90 2 5 5 500

Financial Trusts, Land, etc
No. of bargains included 101

Brown Shipley Stlg Capital Fund Ptg Red Prf 1p – £34.17♦
Daily Mail & General Trust PLC Ord 50p – £42.1 (21De90)
Exploration Co PLC Ord Stk 5p – 158 (21De90)
First National Finance Corp PLC 10% Subord Uns Ln Stk 1992 – £93½
Highcroft Investment Trust PLC Ord 25p – 165 (21De90)
Korea-Europe Fund Ld Shs(IDR to Br) $0.10 (Cpn 3) – $2400
Malaysia Select Fund Ld Warrants to sub for Ptg Shs – $0.1
Manila Fund (Cayman) Ld Ptg Red Prf $0.01 – $4½
Renaissance Hldgs PLC 8.5% Cnv Uns Ln Stk 1994 – £80 (21De90)
Thailand International Fund Ld Ptg Shs $0.01 (IDR's to Br) – $11000 11250
3i PLC 7¾% "A" Deb Stk 89/92 – £91¼
7¼% "A" Deb Stk 91/94 – £85½ (21De90)
9% "A" Deb Stk 91/94 – £92 (24De90)

Insurance
No. of bargains included 191

General Acc Fire&Life Assc Corp PLC 7¾% Uns Ln Stk 87/92 – £98 (21De90)
Guardian Royal Exchange Assurance PLC 7% Uns Ln Stk 86/91 – £96♦
Willis Corroon PLC ADR (5:1) – $24½♦

Investment Trusts
No. of bargains included 312

Aberforth Smaller Companies Tst PLC Ord 25p – 100
Wts to Sub For Ord – 30 (24De90)
Bankers Investment Trust PLC 3.5% Cum Prf Stk – £43 (21De90)
British Assets Trust PLC Equities Index ULS 2005 10p – 101½ (21De90)
British Investment Trust PLC 11.125% Secured Deb Stk 2012 – £94¾ (21De90)
C.S.C.Investment Trust PLC Ord 25p – 85 (24De90)
English & Scottish Investors PLC "B" 25p – 99 (21De90)
Fifth Throgmorton Co PLC 7.25% Cnv Uns Ln Stk 2008 – £100 (21De90)
Gartmore Value Investments PLC Zero Dividend Prf 10p – 63½
Glasgow Income Trust PLC Warrants to sub for Ord – 3
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Active Fund – 958.4 (24De90)
Northern Indust Improv Trust PLC Ord £1 – 385 (21De90)
Paribas French Investment Trust PLC Sers "A" Warrants to sub for Ord – 19 (21De90)
Sers "B" Warrants to sub for Ord – 22
Shires Investment PLC Warrants to sub for Ord – 32 (24De90)
Throgmorton Trust PLC 7¾% Cum 1st Prf £1 – 65
Trio Investment Trust PLC Ord 25p (A/L–18/1/91) – 44 (21De90)

Unit Trusts
No. of bargains included 2

M.& G. European Dividend Fund Accum Units – 45.9 (21De90)

Mines – Miscellaneous
No. of bargains included 71

El Oro Mining&Exploration Co PLC Ord 10p – 320 (21De90)
Europa Minerals Group PLC Ord 2p – 20 (21De90)
Northchart Investments Ld R 0.10 – 20.13
Willoughby's Consolidated PLC Pfd.1p – 48 (21De90)

Mines – South African
No. of bargains included 39

Johannesburg Cons Invest Co Ld R0.10 – £5% ½ ⅜

Oil
No. of bargains included 828

British Petroleum Co PLC Warrnts to purchase ADS – $8
8% Cum 1st Prf £1 – 68 9 70 (21De90)
9% Cum 2nd Prf £1 – 76
LASMO PLC 10¾% Deb Stk 2009 – £97½ (21De90)
Shell Transport&Trading Co PLC Ord Shs (Br) 25p (Cpn 185) – 465 (21De90)

Property
No. of bargains included 148

Daejan Estates PLC 7.75% Cnv Cum Red Prf £1 – 41 (24De90)
Euston Centre Properties Ld 10.4% 1st Mtg Deb Stk 92/97 – £89½ (21De90)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 – £81½ (21De90)
Hammerson Prop Inv&Dev Corp PLC Ord 25p – 655 (21De90)
Land Securities PLC 6% 1st Mtg Deb Stk 88/93 – £87 (21De90)
7¾% 1st Mtg Deb Stk 91/96 – £79½ (21De90)
9% 1st Mtg Deb Stk 96/2001 – £84
8¾% Uns Ln Stk 92/97 – £84
Lewis(John)Properties PLC 9¾% Mtg Deb Stk 92/97 – £86½ (21De90)
London&Prov Shop Centres(Hldgs)PLC 10% 1st Mtg Deb Stk 2028 – £81½ (24De90)
MEPC PLC 3.65% Cum Prf Stk £1 – 39
9¾% 1st Mtg Deb Stk 97/2002 – £88 (21De90)
10¾% 1st Mtg Deb Stk 2024 – £91 (21De90)
8% Uns Ln Stk 2000/05 – £72
10¾% Uns Ln Stk 2032 – £93¼ ¾ (21De90)
Merlin International Properties Ld Cum Red Cnv Prf £1 – 0½
Metropolitan Rly Surplus Lands Co 6¾% 1st Mtg Deb Stk 86/91 – £98½
P & O Property Holdings Ld 8% Uns Ln Stk 97/99 – £79 (24De90)
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non-Vtg Prf £1 – 37 40
Property Security Inv Trust PLC 8% Cum Prf £1 – 95
Shield Group PLC Ord 5p – 13 (21De90)
Speyhawk PLC 9.75% Cum Red Prf 2014 £1 – 42

Plantations
No. of bargains included 4

Anglo-Eastern Plantations PLC Warrants to sub for Ord – 15 (21De90)

Shipping
No. of bargains included 98

Bergesen d-y AS "A" Vtg Shs NK2.5 – NK113½ 4½
"B" Non Vtg Shs NK2.5 – NK108½ 11.4 ½ 2

Utilities
No. of bargains included 7

Manchester Ship Canal Co 4% Perp 1st Mtg Debs(Reg) – £30 (21De90)
Mersey Docks & Harbour Co 6¾% Red Deb Stk 96/99 – £80 (21De90)
Pacific Gas & Electric Co Shs of Com Stk $5 – $25¼

Water
No. of bargains included 507

York Waterworks PLC Non-Vtg "A" Ord 10p – 93 (21De90)
Essex Water Co 4% Perp Deb Stk – £30
South Staffordshire Waterworks Co 5% Perm Deb Stk – £35
Wrexham & East Denb Water Co 4.9%(Fmly 7%)Cons Ord Stk – £1200 (21De90)

USM Appendix
No. of bargains included 166

CMW Group PLC Ord 5p – 25½ (21De90)
MMI PLC Ord 1p – 19½ (21De90)
Mid-States PLC Ord 10p – 52 (24De90)
Midland & Scottish Resources PLC Ord 10p – 92 5 5 104‡
Oliver Resources PLC Warrants to sub for Ord – 0½ (24De90)
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 – 35 (21De90)
URS International Inc Shs of Com Stk $0.01 – 0⅜ (21De90)

Rule 535(2)
No. of bargains included 2

Eastbourne Waterworks Co 2.8% Irrd Prf £5 – £20 (21De90)
Gander River Resources PLC Ord 5p – £0.1♦
Kleinwort Benson(Guernsey)Fund Man International Income – £1.666 (21De90)
M&M Britannia International Ld Japan Income & Growth – £1.458 (24De90)
Newbury Racecourse PLC Ord £100 – £2300 2500 (21De90)
North West Exploration PLC Ord 20p – 10 (24De90)
Weetabix Ld "A" Non.V Ord 25p – 55.3 (21De90)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bukit Sembawang 130 ♦ (27/12)
Malaysian Airline System S$3.25823 ♦ (21/12)
Oil Search 19 (21/12)
Radar SA FR445.36 ♦ (24/12)
Vam 7.4 (27/12)
Vamgas A$2.3892 ♦ 2.392792 ♦ (21/12)

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LONDON STOCK EXCHANGE

Gulf worries bring an unsettled close

LAST dealings in the prolonged three-week trading account in the London equity market yesterday left share prices turning weaker on reports of increased tensions in the Gulf and further indications of the effects of the economic recession on UK industry. Genuine investment interest was at a low ebb as institutions and market making firms effectively closed their trading books ahead of the half-day market session on New Year's Eve, but there was some interest in privatisation issues.

Account Dealing Dates		
*First Dealings:		
Dec 10	Dec 31	Jan 14
Option Declarations:		
Dec 27	Jan 10	Jan 24
Last Dealings:		
Dec 28	Jan 11	Jan 25
Account Day:		
Jan 7	Jan 21	Feb 4

*New-time dealings may take place from 8.30 am two business days earlier.

Reports – difficult to confirm – that Allied forces had been put on 'yellow alert' in Saudi Arabia provided the final discouragement for a market already fading on lack of support. With Wall Street also easier in early deals, the Dow showing a 3.9 point fall in London hours, there was little interest displayed for the new trading Account in the UK market which effectively opened at 4.00 pm yesterday.

Share prices opened lower in response to the overnight fall in New York and also a gloomy report on UK industry from the Confederation of British Industry (CBI). The CBI report said that in the final quarter of this year, manufacturing companies had recorded their steepest decline in productivity growth for three years.

The stock market then steadied and share prices briefly edged into positive territory. However, there was very little buying interest and the market began to drift off again. The down trend was confirmed by the announcement that the leading economic indicators for the US economy showed a 1.2 per cent fall in November. Although Wall Street performed better than anticipated in early deals, UK investors were not slow to read the latest signs that the powerful US economy is moving in the direction of recession.

THE FT-SE Index closed 7.4 down at 2,160.4, just a shade above the day's low. Seaq-recorded trading volume of 249.3m shares, against 184.4m on Thursday, looked reasonably satisfactory in the current holiday trading period. However, yesterday's total took a good deal of parcel-passing by market makers who had no wish to hold stock until Tuesday; and the parcels were not very large.

The final fling of window dressing activity by fund managers seeking to present portfolios in their best light at meetings of the trustees brought some interest in the options markets.

Nearly half the business in the FT-SE Index option contract was transacted by Hoare Govett, which sold 2,000 contracts of the March calls at 2,300 and also 1,000 of the January calls at 2,000; the firm also bought some December 2,100 calls.

The FT-SE December contract, now close to expiry, ended the day at a modest 12 point premium to the underlying equity index.

Government bonds also had a quiet trading session. After slipping by about ⅛ in early trading, despite a very modest firming in the sterling exchange rate, bonds steadied towards the close.

Some hints in the UK press that the Government may be forced to choose between raising domestic interest rates and applying to its ERM partners for a devaluation of sterling caused some nervousness. However, turnover in bonds yesterday was very light and traders were unwilling to draw conclusions from the day's business. The fixed interest sector is also focusing on the prospects for further falls in the UK inflation rate in the new year.

Berisford volume surprises

TURNOVER in food and property group Berisford International reached an unseasonably high 4.7m shares. It attracted buyers in the wake of an extraordinary meeting which approved the £880m sale of its sugar making operation, British Sugar.

Traders said that although some of the volume was accounted for by bed and breakfast (tax related) deals, and buying for the new Account, which starts on Monday, there was speculative interest triggered by uncertainty over whether the new-look company was appropriately priced. The shares climbed from 16p, just a penny above their all-time low, to 18p, the best since December 10.

Several internationals retreated as the dollar weakened against sterling and Wall Street opened weakly. Guinness shed 11 to 763p, ICI eased 4 to 874p and Glaxo softened 8 to 853p. Two exceptions were Grand Metropolitan and SmithKline Beecham, both popular tips for 1991 among analysts and the press. GrandMet added 4 at 677p while SmithKline rose 5 to 630p.

Reuters was the best performer among FT-SE 100 index stocks for the second day running, rising 15 to 700p. Sentiment had been helped earlier in the week by the signing of a letter of intent to install an electronic futures trading system, Globex, in Chicago.

The defensive qualities of water companies continued to attract interest. Yesterday's best performer was Southern, 5 higher at 250p. The Water Package rose £30 to £2670.

Most of the newly privatised electricity companies succumbed to profit taking. The sharpest decline came from London Electricity, down 4 at 138p. The only gainer was South Wales Electricity, which was 4 better at one point before ending at 170½p, up ½ on the day. The stock has attracted speculative interest since Welsh Water took a 10 per cent stake earlier this month. The Electricity Package slipped £35 to £1458.

The distinction of the heaviest traded alpha stock went to British Steel. Some 16m shares changed hands but 10m of the this total represented the double counting of a 5m share agency cross. At the close British Steel was unchanged at 117½p.

Lucas Industries warmed to revived investment inquiries and gained 4 to 145p in above-average turnover. BZW advises clients in its December review of the European defence sector to be long term overweight in shares of Lucas.

The good run of commercial vehicle manufacturer ERF (Holdings) was reversed as some account (short-term) operators realised profits. The shares ended 10 off at 133p but remained 60 higher over the three-week trading period which ended yesterday.

Insurance stocks continued to wilt nervously in the face of the stormy weather in the UK. Mindful of the losses inflicted on the industry by storm damage in the two previous years, most of the composites gave up a few pence, Commercial Union easing to 465p, General Accident to 480p, Royal Insurance to 397p and Guardian to 188p.

The stock market responded favourably to the announcement that Barclays has negotiated a price of £153m for L'Européene de Banque, the Paris bank it is to acquire. At 363p, Barclays shares managed a small gain, one of the few in a dull banking sector. TSB remained subdued at 136p ahead of the results due in January.

The proposed marriage of green stocks Shanks & McEwan and Rechem Environmental Services continues to look anything but made in heaven. The fall out of orbit since the betrothal was announced earlier this month resumed yesterday with Shanks losing 13 further to 1150p and Rechem Environmental dipping 9 more to 558p.

Cupid, the bridal wear company, turned downwards after disclosing sharply lower interim profits and the issue of new shares. A placing and offer is proposed, raising funds which will enable the company to acquire Pronuptia, the biggest specialist bridal retailer in the UK, from a subsidiary of Stenhouse Western. Cupid shares closed 5 easier at 85p.

The decision by Egerton Trust, one of the smaller property groups, to defer the half-yearly dividend on two preference stocks made for nervous trading in the ordinary shares. They dropped to 8p before closing 6 down on the day at 11p.

Third market-quoted Poddington, which markets cartoon characters, returned from suspension to close at 6p. They were suspended in July at 77p following the arrest of Mr Leonard Lee, the former chairman, under the Financial Services Act. The Third Market shuts on Monday and Poddington shares will thereafter be traded under the International Stock Exchange's matched bargain rules.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

FINANCIAL TIMES STOCK INDICES

	Dec 28	Dec 27	Dec 24	Dec 21	Dec 20	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	82.11	82.20	82.24	82.53	82.84	84.29	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.62	90.69	90.90	90.90	90.97	92.52	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1685.2	1687.8	1678.9	1688.4	1687.2	1916.6	1968.3 (3/1)	1510.4 (24/9)	2006.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	150.0	149.9	151.3	149.5	145.2	309.1	378.5 (6/2)	136.2 (18/12)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2160.4	2167.8	2156.3	2164.4	2158.8	2422.7	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	937.25	948.51	958.19♦	966.33	944.03	-	1003.35 (6/12)	937.25 (28/12)	1003.35 (6/12/90)	937.25 (28/12/90)
Ord. Div. Yield	5.70	5.68	5.72	5.68	5.69	4.45				
Earning Yld %(full)	11.89	11.87	11.93	11.88	11.88	10.90				
P/E Ratio(Net)(☆)	10.16	10.18	10.12	10.18	10.17	11.11				
SEAQ Bargns 4.45pm	31,616	22,370	22,425	32,227	27,380	25,347				
Equity Turnover(£m)†	-	375.74	243.36	926.69	1226.23	669.38				
Equity Bargains†	-	24,940	21,921	34,926	27,705	28,910				
Shares Traded (ml)†	-	198.9	120.9	450.3	529.4	323.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 9.98 ♦ Indicative.

Ordinary Share Index, Hourly changes — Day's High 1692.0 — Day's Low 1685.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1685.3	1687.5	1690.5	1690.1	1690.9	1690.8	1689.5	1686.3	1685.4

FT-SE, Hourly changes — Day's High 2170.4 — Day's Low 2160.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2163.8	2165.7	2168.9	2168.2	2168.0	2166.8	2166.0	2160.9	2160.9

FT-SE Eurotrack 100, hourly changes — Day's High 941.33 — Day's Low 937.06

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
941.28	940.71	938.65	939.11	939.26	939.40	937.33

GILT EDGED ACTIVITY

Indices*	Dec 27	Dec 24
Gilt Edged Bargains	37.8	32.1
5–Day average	61.3	72.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	634	713	-½	Dixons	476	141	-1	Marks & Spencer	922	223	+1	Smith & Nephew	2,200	104¾	+½
ASDA Group	880	119	+1	ECC Group	645	351	-1	Maxwell Comms.	899	147½		SmKl Beecham	585	630	+5
Abbey National	943	231		Eastern Elect.	4,800	137	-1	Midland Bank	1,000	189	-4	SmKl Beecham Uts.	107	2763	+8
Allied-Lyons	375	477	-1	East Midland Elect.	5,600	145	-2	Midlands Elect.	4,200	138	-3	Smiths Inds	158	224	
Amstrad	586	82	-1	Enterprise Oil	333	606	-4	NatWest Bank	589	269	+1	Southern Elect.	5,400	140½	-1½
Anglian Water	145	274	+1	FKI	37	47		Next	2,200	18½	-1½	South Wales Elect.	3,500	170½	+½
Argos	199	246	-1	Ferranti	589	14		North West Water	163	271	+2	South West Water	137	284	
Argyll Group	744	249	-1	Fisons	732	372	-4	Northern Elect.	2,400	147	-1	South West. Elect.	2,000	149	-1
Ass. Brit. Foods	279	420	-1	Gen. Accident	219	480	-8	Northern Foods	46	334	-1	Southern Water	458	250	+5
BAA	269	415	-2	General Elect.	1,700	175		Northumbrian Water	166	280	+3	Standard Chartd.	32	380	+1
BAT Inds.	1,100	683	-3	Glaxo	641	853	-8	Norweb	4,000	148	-2	Storehouse	4,000	118	+1
BET	1,000	167		Glynwed Int.	146	217		Pearson	259	659	+5	Sun Alliance	664	333	-1
BICC	82	332	-1	Granada	1,500	190	-3	P & O	619	536		Sun Life	1	1110	
BOC	158	495		Grand Met.	2,100	677	+4	Pilkington	4,400	178	-4	T&N	50	152	
BPB Inds.	31	183	-1	GUS A	65	1065	+2	Prudential	776	197		TI Group	261	408	-2
BTR	694	321	-3	GRE	727	186	-3	RHM	486	297	+3	TSB	639	136	-1
Bank of Scotland	786	118	+2	GKN	225	328		RMC	68	649	-1	Tarmac	459	247	
Barclays	611	363	+2	Guinness	545	763	-11	RTZ	318	451	-1	Tate & Lyle	435	275	
Bass	79	1033	-6	Hammerson 'A'	22	622	-3	Racal	3,100	174	-2	Taylor Woodrow	423	215	
Beazer	646	98	+1	Hanson	4,300	195	-1	Racal Telecom	1,000	283	-3	Tesco	3,300	229	-2
Berisford Int.	4,700	18	+2	Hanson Warrants	89	33	-½	Rank Org.	45	624	+2	Thames Water	311	275	+2
Blue Circle	84	219	-1	Harrisons Crosfield	117	138	+3	Reckitt & Colman	157	1290		Thorn EMI	300	677	+6
Boots	428	322	-2	Hawker Sidd.	131	439	+1	Redland	54	562	+1	Trafalgar House	443	159	-4
Brit. Aerospace	305	524		Hillsdown	1,900	248	-1	Reed Intl.	1,500	378	+3	Trusthouse Forte	571	249	-3
British Airways	758	143		IMI	478	205	+1	Reg. Elect. Pkg Uts	18	£1458	-25	Ultramar	237	324	-1
British Gas	2,400	228½	-3½	ICI	349	874	-4	Reuters	725	700	+15	Unigate	427	270	
British Land	10	278	-1	Inchcape	208	234		Rolls Royce	1,200	161		Unilever	175	687	-2
BP	2,100	336	-3	Kingfisher	520	370		Rothmans	118	750	-4	United Biscuits	736	319	+2
British Steel	16,000	117½		Ladbroke	1,500	248	-6	Ryl Bk Scotland	165	160		Utd. Newspapers	258	306	
British Telecom	2,200	292	-2	Land Securities	275	524	-4	Royal Insurance	184	397	-3	Water Package Uts.	0	£2670	+30
Bunzl	123	89	+1	Laporte	84	470	+1	STC	30	322		Wellcome	2,500	435	
Burmah Castrol	6	610	+1	Legal & General	122	365	-4	Saatchi	488	35	+2	Welsh Water	300	277	+2
Burton	2,400	80		Lloyds Abbey	118	329	-2	Sainsbury	178	307		Wessex Water	133	264	+4
Cable & Wire.	722	446		Lloyds Bank	835	258		Scottish & New.	208	365	+2	Whitbread 'A'	777	443	-6
Cadburys	651	320	-2	LASMO	382	380	-5	Sears	1,300	85	+1	Wiggins Teape	2,000	183	+3
Calor Group	10	241	-2	London Elect.	5,200	138	-4	Sedgwick	213	234	+2	Williams Hldgs	283	230	
Carlton Comms.	200	398	+5	Lonrho	225	221	-1	Seeboard	1,800	141		Willis Corroon	707	272½	+2½
Coats Viyella	926	108	-1	Lucas	1,200	145	+4	Severn Trent Water	625	247	+3	Wimpey	361	207	-1
Coms. Union	170	465	-5	MB Caradon	61	183	-2	Shell Transport	1,700	452	-5	Yorkshire Elect.	4,200	158½	-½
Cookson	225	108		MEPC	39	491	-3	Slebe	157	333	+1	Yorkshire Water	139	270	+1
Courtaulds	755	328		Manpower	731	68½	-1½	Slough Ests	61	236	-1				
Dalgety	109	351	-1	Manweb	3,000	169	-4	Smith (W.H.) A	176	363	+5				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday December 27 1990

Water	+ 12.08	Engineering-Aerospace	- 17.88
Brewers and Distillers	- 3.73	Transport	- 18.78
Food Retailing	- 0.99	Insurance (Composite)	- 19.37
Stores	- 2.12	Electronics	- 20.27
Oil & Gas	- 5.08	Conglomerates	- 20.39
Health & Household Products	- 5.37	Property	- 21.51
Packaging and Paper	- 6.45	Publishing & Printing	- 21.84
Telephone Networks	- 7.33	Investment Trusts	- 22.18
Consumer Group	- 7.40	Capital Goods	- 22.20
Food Manufacturing	- 11.87	Textiles	- 22.26
500 Share Index	- 12.40	Motors	- 23.91
Insurance (Life)	- 12.51	Overseas Traders	- 24.77
Building Materials	- 13.51	Engineering-General	- 24.93
All-Share Index	- 13.57	Merchant Banks	- 26.08
Industrial Group	- 13.82	Leisure	- 26.85
Banks	- 14.78	Contracting, Construction	- 26.97
Insurance Brokers	- 15.34	Other Industrial Materials	- 28.13
Metals & Metal Forming	- 15.54	Electricals	- 29.28
Other Groups	- 15.65	Agencies	- 39.83
Chemicals	- 15.76	Gold Mines Index	- 51.5
Financial Group	- 17.50		

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	102-30	+1/32	11.54	11.54	11.28
		9.000	03/00	89-20	+4/32	10.80	10.75	10.88
		9.000	10/08	88-31	+0/32	10.36	10.28	10.59
US TREASURY *		8.500	11/00	102-24	+1/32	8.09	8.07	8.29
		8.750	08/20	105-15	-2/32	8.25	8.25	8.44
JAPAN	No 119	4.800	6/99	88.0618	-0.133	7.05	7.13	7.43
	No 129	6.400	03/00	98.3457	-0.111	6.69	6.73	7.16
GERMANY		9.000	10/00	100.0500	-0.050	8.99	8.98	8.85
FRANCE	BTAN	9.000	11/95	95.3888	+0.075	10.23	10.26	10.12
	OAT	8.500	03/00	91.1800	-0.010	9.99	10.04	10.09
CANADA *		10.500	03/01	101.4500	+0.075	10.26	10.23	10.55
NETHERLANDS		9.250	11/00	100.4200	-0.080	9.18	9.15	9.10
AUSTRALIA		13.000	07/00	105.1721	+0.000	12.07	12.03	12.18
BELGIUM		10.000	08/00	99.6500	+0.000	10.04	9.80	9.75

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

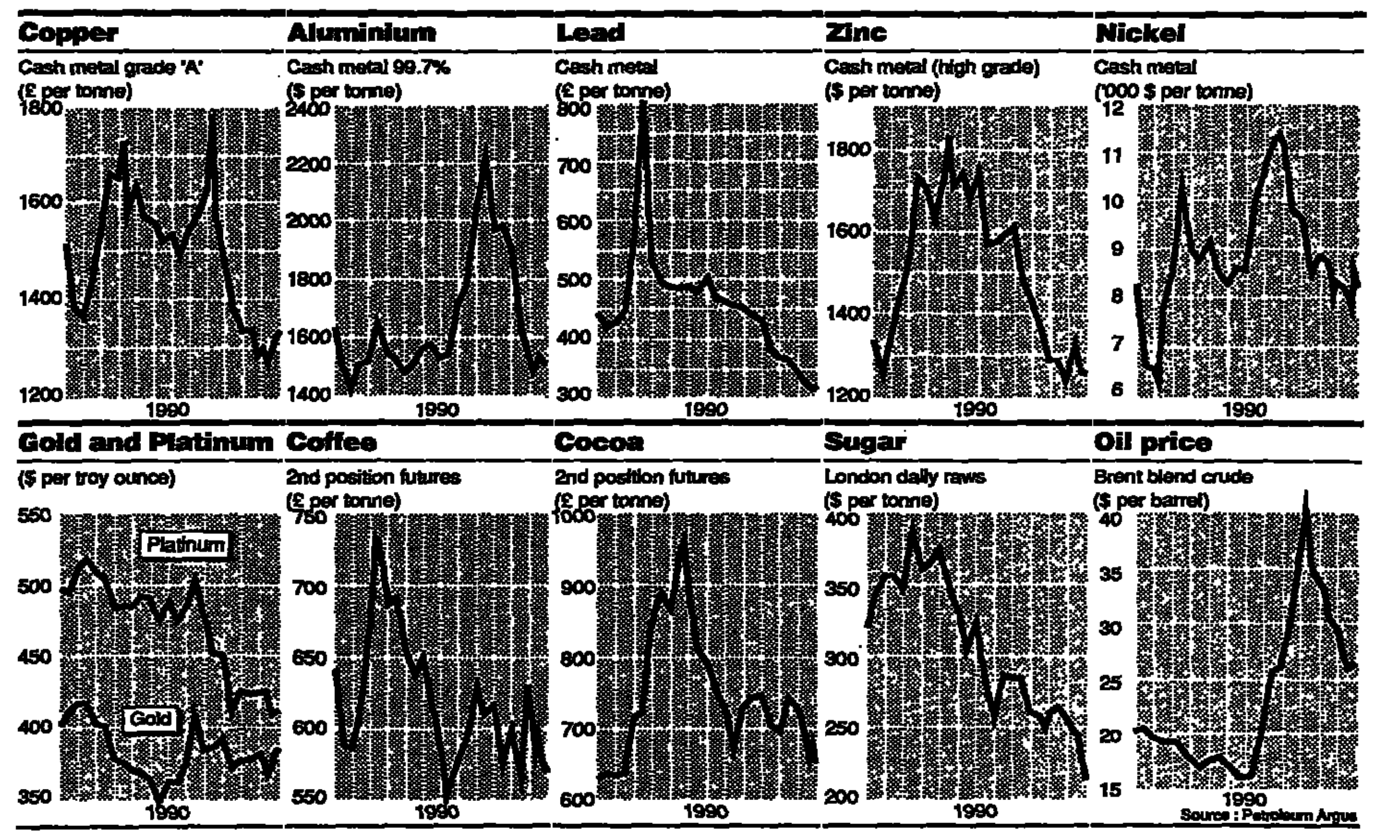
NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (9).
ELECTRICITY (1) South Wales Elect., INDUSTRIALS (2) London Intl., SmithKline Beecham Eq. Uts., INSURANCE (1) PWS Hldgs, PAPERS (1) Lowe Grp., TRUSTS (2) Scot. Natl. Zero Div. Prf., Tor Inv. Inc., WATER (2) Southern, Thames.
NEW LOWS (72).
AMERICANS (2) Gt. Amer. 1st Savings, Utilitech, BANKS (3) Ansbacher (H), Guinness Mahon, Westpac, BREWERS (3) Morland, Young Brew. A. Do. N/V, BUILDINGS (10) Anglia Sec., Ashtead, Harrison Inds., Howard Hldgs., Lawrence (W), McAlpine (A), Phoenix Timber, Quiligotti, Tudor, Turriff, ELECTRICALS (4) Arlen, Ferrari, Logitek, Unitech, ENGINEERING (2) MS Intl., Tex, FOODS (2) Greggs, Hunter Saphir, INDUSTRIALS (17) Aberfoyle, Allied Partnership, Amer. Bus. Systs., BTR Wrrts. '94/96, BTS, Beckenham, Bioplan, Brit. Fittings, Excalibur, Expamet Intl., Goode Durrant, Hadleigh Inds., Handley-Walker, ISA Intl., Melville, SEP Ind., TLS Range, Willaire, INSURANCE (1) USF & G, LEISURE (1) Ulster TV, MOTORS (1) March, NEWSPAPERS (2) Gardner (DC), Quarto, PAPERS (1) Waverley Cameron, PROPERTY (2) Egerton Tst., Marylebone Ests., TRANSPORT (3) Eurotunnel Wrrts., Norish, TNT, TRUSTS (5) F & C Germany Wrrts., Fleming Euro. Fledgeling, Pacific Horizon Wrrts., TR Euro. Growth, TR Far Eastern Inc., OILS (8) Aberdeen Pet., Aran Energy, Brit. Borneo, Cairn Energy, Ex. Co. Louisiana, Do. Warrants, Gt. Western Res., Pittencrief, Richmond Oil & Gas, OVERSEAS TRADERS (1) Chillington, MINES (2) Minorco, Young Group, THIRD MARKET (2) Hartley Baird, Poddington.

COMMODITIES

YEAR IN THE MARKETS

Gathering recession sets the seal on another disappointing year



THE GATHERING pace of world recession is all too evident from the diving graphs of commodity prices as the year comes to a close. Some commodity producers are wondering just what has to happen to kick prices upwards. Iraq's August invasion of Kuwait provided gold and oil with a brief fillip, but both are on the way down again. Aluminium enjoyed a brief surge after the invasion, but soon fell back to join the other base metals; after an encouraging spring five of the London Metal Exchange's six contracts ended December below the January levels (check). Silver and platinum have proved disaster areas for producers in the wake of gold's repeated failure to stay above $400 a fine ounce, while soft commodities have struggled along with prices at their lowest levels in real terms for many years.

Gold failed to live up to the promise of the bull run late in 1989, which petered out early this year, confounding analysts who had predicted a sustained rise to more than $430 a fine ounce. At the end of March the critical movement through resistance at around $395 arrived when a US warning that Soviet troops were massing on the borders of Lithuania sent people scurrying for the dollar instead of the traditional safe haven of gold.

There was blood on the streets in New York, one analyst said, and it was thought that $400 an ounce would not be seen for some time. Throughout the second quarter selling from the Middle East appeared every time the price showed any sign of life, and by mid-June gold had hit a four-year low of $345.75 a fine ounce. The invasion of Kuwait by Iraq in August seemed just the sort of international emergency to send gold prices soaring – but the market's reaction was half-hearted. The initial rally over $400 fizzled out after a couple of roller coaster weeks as the market responded to the prospects of war in the Gulf.

Since then, a floor in the mid-$360s seems to have been established. Above that level, gold has been trading in a narrow range recently, with market players reluctant to go short and producers ready to sell any time the price moved towards $400 an ounce.

In the wake of gold's tumble in June, silver fell to 482 cents an ounce, the lowest level for 12 years, prompting one trader to ask: "Is it still a precious metal?" Worse was to come, however, as deepening fears of recession heightened the perception of silver as an industrial metal, and earlier this month silver fell below 400 cents a fine ounce for the first time in 15 years.

Silver's problems are formidable. World stocks are estimated to be enough for 28 months' consumption, and the prospects for an upturn in demand from the photographic or solder making industries appear remote. But production is unresponsive to price levels – most of the world's silver is a by-product of mining for other metals.

Platinum stayed fairly close to $500 a fine ounce for more than six months, rising above that mark in response to the Gulf crisis in August. But in September and October the price plummetted, threatening at one time to fall beneath $400 and lose its premium over the gold price. As one analyst has pointed out, platinum is a thin market, "and when it moves, it really does move."

Behind the fall was declining interest in Japan, the world's biggest consumer of the metal, which it uses both for car exhaust-cleaning catalysts and for jewellery. Recession fears were knocking the stuffing out of the Japanese stock markets.

At the same time fears were receding of supply disruptions through political upheaval in South Africa, the leading producer, and the Soviet Union, the second biggest. Instead, attention became focussed on the damage that could be done to the platinum industry by recession, and growing fears that the industry was becoming oversupplied.

The oil market began and ended the year in similar fashion, with prices on the slide. But the intervening rise – in the months following Iraq's invasion of Kuwait – was so steep that the overall result was a respectable gain.

The first half saw an inexorable fall towards $15 a barrel for the Brent crude price as members of the Organisation of Petroleum Exporting Countries struggled unavailingly with the problem of overproduction. In the late summer, however, the only way was up, as trader and consumer covering against Middle East war fears pushed the price close to $40 a barrel. And since early October the trend has been sharply downwards, as the market has responded to the surprising effectiveness of Opec members' efforts to cover the shortfall left by the loss of Iraqi and Kuwaiti shipments. Yesterday afternoon the Brent price was trading at about $26.50 a barrel, up about $6 on the year.

On most London Metal Exchange markets also, early-year falls were regained with interest, only to be wiped on by second-half declines.

As usual copper set the trend. Sagging industrial growth pushed the cash position below £1,400 a tonne by the end of January before a sustained rally – reflecting concern about Peruvian strikes, African production problems and possible supply disruption resulting from US labour contract negotiations – lifted it above £1,700 a tonne early in April.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	-3,025	to 310,550
Copper	+5,375	to 178,650
Lead	+400	to 56,625
Nickel	+198	to 4,344
Zinc	+2,725	to 54,725
Tin	+775	to 20,755

That rise had also been aided by the low level of stocks in LME and New York Commodity Exchange (Comex) warehouses. But as the supply fears faded and stock levels began to build up the market's underlying weakness was revealed and the bears got the upper hand.

Ironically, however, the period of fastest stock-building coincided with a second rally that took cash copper to the year's peak of £1,796 a tonne in September. That rise chiefly reflected concern about a possibly supply squeeze as traders tried to cover options commitments. But the uneventful expiry of September options confirmed that there was ample copper to cover demand.

That knocked the last prop from under the market. So, as LME stocks surged to a five-year high of 197,500 tonnes in mid-October and recession fears were exacerbated by the oil price rise, copper values plunged. And the downtrend continued as copper stocks and oil costs were trimmed back, taking the cash quotation to a 2¼-year low of £1,244 a tonne early this month.

The zinc market followed a similar pattern to copper in the early part of the year, peaking in the spring. But once the Canadian and Peruvian production problems that sparked off that rally had disappeared it was downhill nearly all the way, despite the erosion of LME warehouse stock levels over the year from nearly 80,000 tonnes to a little over 50,000 tonnes. The LME cash price reached a life-of-contract low at the end of November before staging a modest rally this month.

Although aluminium is widely regarded as the base metal with the most bullish (or least bearish) prospects it is among those to end down on the year.

As LME warehouse stocks rose from below 60,000 to above 80,000 tonnes during January the cash aluminium price fell from about $1,630 to just below $1,400 a tonne. That proved to be the bottom, however, despite a continued stocks rise to 155,375 on May 17. A modest fall is stocks from that level convinced many traders that the market was "over the worst" and isolated production problems and forecasts of an increasingly tight supply situation pushed the price to a 15½-month high of $2,227.50 a tonne in September.

About $800 of the rise took place after the Kuwait invasion, which was seen as bullish for aluminium despite the negative implications for world industrial growth of the resulting oil price rise. The Middle East currently accounts for only about 4 per cent of western world aluminium supplies, but some 25 per cent of capacity expansion plans are in the region.

The peak was marked, however, by the end of a Japanese buying spree, the full cost of which was yet to become known. As Japanese traders and consumers were forced to cover commitments to one big buyer metal began to flood into LME warehouses. In the six weeks to November 29 LME stocks rose by an unprecedented 172,000 tonnes to a record 315,600 tonnes. Not surprisingly, in the circumstances, By December 3 the LME price was at a six month low. Stocks have fallen back somewhat but, although analysts remain cautiously optimistic about the supply/demand balance, the price is still close to that level.

Nickel prices reversed a January fall to a two-year low when it became clear that producers would cut production sharply unless more remunerative prices were available. The rally took the cash price from $6,075 a tonne to over $10,000 a tonne at the end of March before the underlaying bear sentiment was reasserted. Then, in June, reports of Soviet production problems and a strike at Societé le Nickel's New Caledonia operation sparked off a second rally. With producer buying in the US, Japan and Europe keeping the uptrend going the price peaked at $11,375 a tonne at the end of August.

But in September the long-awaited Soviet deliveries began to appear in LME warehouses and the price slid back, dipping briefly below $8,000 a tonne.

For lead traders all the excitement came early in the year, when an alarming decline in stocks sent the cash price above £800 a tonne for the first time. The price fell back as quickly as it had risen, however, as metal attracted by the high cash premium was delivered into LME warehouses. The stocks total, which had dipped from 24,475 tonnes at the start of the year to 12,900 tonnes on March 13, was above 30,000 tonnes a month later.

For the rest of the year lead was in retreat as warehouse stocks continued to build up and demand remained very slack. The stocks total ended the year at 56,625 tonnes.

After an early rise based on signs that Brazil might be bringing its excess production under control it was downhill all the way for the tin market. As producers' hopes of reducing stocks to a more tolerable level faded the metal's cash LME price sagged to a life-of-contract low of 5,547.50 a tonne just before Christmas.

By the end of 1989 things could not have been much worse for soft commodity producers. Hopes of a revival in early 1990 were soon dispelled as the charts started to head downwards again, leaving sugar in a much worse position than in January and cocoa and coffee bumping along not far off their historic lows.

Sugar prices had looked set to rise at the beginning of the year as analysts consistently predicted a deficit of 2m to 3m tonnes in the world supply and demand balance. But as the year wore on, no major buying was seen in the market. The Soviet Union in particular – hard pressed for cash because of its economic troubles – stayed away. At the same time, the EC sugar beet crop and the Indian crop looked like being a lot bigger than was at first thought.

By September, some analysts were starting to predict a small surplus for 1989-90, followed by a surplus of about 1m tonnes in 1990-91.

The London Daily Price for raw sugar, which was reaching towards $400 a tonne in March and April, was $213.40 yesterday – close to the year's low of $241.70, struck in October.

The world's huge oversupply of cocoa has dominated the market for the past few years, and continues to do so. The last report from Gill & Duffus, the London trader, struck one of the few notes of optimism for cocoa when it predicted a move into deficit in 1992-93 if consumption were to continue its recent rapid growth and production were to remain unchanged.

The high of the year was £967 for the second postion contract on the London Futures and Options Exchange (Fox) in late May, when political problems in the Ivory Coast, the world's biggest producer, posed a threat to supplies. A sharp decline followed to below £700 a tonne. Further unrest in the Ivory Coast lifted prices back over £700 in September, but the price has been struggling to stay above that level ever since.

The meeting of the International Cocoa Organisation in September followed the recent pattern of ending inconclusively, leaving the international cocoa agreement in limbo. The International Coffee Organisation meeting followed, and any hope of restoring the coffee agreement rapidly evaporated.

Coffee prices were moving ahead in the spring; the second position robusta contract on Fox hit the year's high of £757 a tonne in March. But an almost uninterrupted decline followed to £548 in July.

Not only was this the year's low – it marked the lowest sterling price for 14½ years. The main reason behind the decline was Brazil dashing hopes of a revival of the International Coffee Agreement's price support operations.

Since then prices have hovered around £600 a tonne as the market has repeatedly shrugged off factors – like a Brazilian dock strike and production problems in that country and Central America – that in happier times might have brought the bulls out in some force.

For producers of coffee in particular, and commodities in general, the passing of 1990 will not be much lamented. But that was also the general mood at the end of 1989, a year that, if current trends continue, could soon be regarded as "the good old days".

David Blackwell and Richard Mooney

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	40.57	41.04	43.65	-1.13	6.28
Gilts & Fixed Int	6	109.1	109.1xd	115.8	+0.2	9.93
High Inc Equity	6	118.1	121.6	129.3	+0.5	4.91
Worldwide Bond	6	192.2	192.2xd	203.8	+0.1	7.36
Capital Growth						
American Growth	6	155.5	155.5	166.3	-2.1	1.15
Asian Pacific	6	97.43	99.46	105.8	-0.5	0.19
Assets & Earnings	6	144.4	148.1xd	157.5	+0.3	3.44
Capital Reserve Acc	0	99.65	99.65	99.77	+0.22	7.16
Capital Reserve Inc	0	83.75	83.75	83.86	+0.19	7.15
Comdty & Energy	6	71.21	71.21	76.16	-0.5	1.30
1992 Enterprise	6	54.55	55.93	59.51	-0.01	3.58
Euro Capital Acc	6	81.61	81.61	87.28	-0.76	1.37
Euro Capital Inc	6	78.36	78.36	83.83	-0.73	1.37
General	6	149.80	149.8	160.2	+0.7	3.12
Japan	6	81.83	81.83	87.51	-0.36	0.00
Mastertrust	6	76.07	76.07	81.35	-0.29	3.16
UK Growth Acc	6	133.4	133.4	142.6	+0.2	3.09
UK Growth Dist	6	86.28	86.28	92.27	+0.14	3.09
US Emerging Cos	6	44.39	44.39	47.47	-0.12	0.00
Income & Growth	6	263.5	263.5xd	281.80	+1.0	3.64
Ethical	6	41.00	42.22	44.91	-0.01	2.23
International	6	50.85	50.85	54.38	-0.39	0.92
Dividend & Growth	6	42.29	43.40	46.16	+0.2	4.87
Global Gwth & Sec	6	47.63	48.00	51.06	+0.08	1.96

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	24.90	24.90	26.39	-0.21	3.02
Cash	-	50.34	50.34xd	50.34	+0.01	13.82
European	5¼	66.11	66.11	70.12	+0.30	0.00
European Income	5¼	69.29	69.29xd	73.70	+0.22	1.67
Exempt	1	670.2	670.2	692.8	+2.00	3.35
Exempt Income	3¼	157.8	157.8	168.1	+0.4	5.04
Exempt American	3¼	289.5	289.5	301.1	-2.3	1.90
Exempt Pacific	3¼	184.2	184.2xd	192.0	+0.2	2.02
Extra Income	5¼	35.69	35.69xd	38.09	+0.02	6.51
Far East Emerg Econs	5¼	39.56	39.59	42.40	-0.08	1.51
Fund Inv Tst	5	96.74	96.74	103.2	-0.08	1.66
Fund Inv Tst Acc	5	153.9	153.9	164.2	-0.2	1.66
Gilt & Fixed Int	5¼	15.68	15.87xd	16.94	+0.02	11.75
Japan	5¼	133.6	138.0	141.9	-0.8	0.00

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	70.71	70.71	75.31	+0.28	3.46
Mngd P'folio Acc	6	126.0	126.0	134.2	+0.40	-
UK General	6	102.2	102.2	108.8	+0.30	4.98
Conv & General	6	16.67	16.67xd	17.75	+0.02	9.89
European Inc	6	18.52	18.52	20.00	-0.16	0.56
European Acc	6	18.93	18.93	20.44	-0.14	-
Exempt	3	250.5	250.5xd	265.7	+0.90	4.93
Financial	6	104.5	104.5	111.3	+0.00	6.05
German	6	33.27	33.27xd	35.63	-0.20	0.11
High Income	6	59.96	59.96	63.86	+0.30	8.00
Income	6	84.14	88.31	93.61	+0.25	6.01
Intl Income	6	72.83	74.60	79.45	+0.23	4.85
Intl Growth ♣	6	22.92	22.92	24.41	+0.01	0.28
Monthly Income	6	47.94	49.76	52.75	+0.23	5.33
North American	6	53.68	53.68xd	57.17	-0.35	0.38
Orient ♣	6	86.01	86.01	91.60	-0.19	-
PEP	5	48.93	48.93	51.67	+0.04	5.02
Recovery	6	31.35	31.35xd	33.39	+0.17	2.89
Smaller Cos Acc	6	166.9	166.9	177.7	-0.30	-
Smaller Cos Inc	6	100.9	100.9	107.5	...	2.76

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	164.9	164.9	171.61	...	6.88

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5¼	43.99	43.99	46.63	+0.01	4.65
(Accum Units)	5¼	46.17	46.17	48.94	+0.01	4.65
Fellowship Tst ♥	5¼	49.03	49.96	53.15	+0.02	4.30
(Accum Units) ♥	5¼	52.08	53.06	56.45	+0.02	4.30
General Inc	5¼	239.4	239.4	253.8	+0.5	4.29
(Accum Units)	5¼	424.3	424.3	449.8	+0.9	4.29
Income	5¼	138.7	138.7	147.0	-0.1	5.26
(Accum Units)	5¼	287.9	287.9	305.2	-0.1	5.26
International ♥	5¼	82.13	82.13	87.06	-0.92	2.34
(Accum Units) ♥	5¼	113.5	113.5	120.3	-1.3	2.34
Smaller Co's	5¼	77.74	79.22	84.28	+0.11	3.50
(Accum Units)	5¼	88.24	90.20	95.96	+0.13	3.50
Inv Portfolio ♥	3	45.60	45.60	47.20	+0.14	4.17
(Accum Units) ♥	3	48.46	48.46	50.16	+0.15	4.17
High Income Port ♥	3	40.81	40.81	42.24	+0.11	6.41

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	61.07	61.07	61.95	+0.67	12.70

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCF Sel High Inc Eqty	5½	42.61	43.43xd	46.21	+0.12	6.03
CCF Sel High Inc Eq Acc	3	44.57	45.43xd	48.35	+0.14	6.03
CCF Sel Intl Gwth	5½	38.61	38.61xd	41.82	-0.26	0.00
CCF Sel Inv Tst	5½	42.02	44.02	46.83	-0.12	2.40

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9QG 0244 680066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'folio	5¼	98.41	98.41	105.2	...	2.85
Do Accum	5¼	102.3	102.3	109.4	...	2.85
UK Sel P'folio	5¼	85.82	86.87xd	92.90	+1.31	3.77
Do Accum	5¼	89.70	90.80xd	97.11	+1.38	3.77

Marlborough Managed Trust (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	46.86	47.26	50.27	...	5.21

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlg: 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	77.06	77.06	81.80	-0.23	0.52
Income & Growth	5¼	52.06	52.06xd	55.26	-0.98	5.81
European (z) ♦	5¼	49.18	49.18	52.20	-0.22	1.12
Nth American (z)	5¼	30.61	30.61	32.49	-0.37	1.61
Intl Growth (9-1)	5¼	50.58	51.65	54.85	-0.27	0.92
UK Growth	5¼	45.69	45.69xd	48.50	-0.02	3.57
Intl Income	5¼	41.32	41.95xd	44.53	-0.34	7.30
High Yield	5¼	40.79	41.42	43.97	+0.01	8.37
Charities	5¼	79.94	81.16xd	86.15	+0.07	7.10
Japan	5¼	32.99	32.99	35.02	-0.14	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	58.49	60.29	64.14	+1.92	3.85
UK High Income	6	30.66	31.34	33.34	+0.21	6.06

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far Eastern	5	87.27	87.27	92.77	+1.63	1.65
Smaller Cos	5	37.79	38.95xd	41.58	+0.61	5.83
Olympiad	5¼	37.27	37.27	39.72	-0.45	1.62
Olympiad Income	5¼	35.97	35.97xd	38.34	-0.40	5.03
UK Growth	5	60.03	60.89	64.99	-1.19	2.19

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	79.43	80.99	86.16	+0.01	4.39

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Americas ♥	5¼	25.69	25.69xd	27.4	-0.35	1.86
(Accum Units) ♥	5¼	27.5	27.5	29.33	-0.37	1.86
Australian ♥	5¼	136.8	137.2	147.2	-0.78	2.43
(Accum Units) ♥	5¼	155.8	156.3	167.6	-0.80	2.43
Conscience	5¼	42.42	43.34xd	46.25	+0.01	1.69
(Accum Units)	5¼	44.49	45.47	48.52	+0.02	1.69
European	5¼	127.9	129.3	137.9	-0.30	1.13
(Accum Units)	5¼	135.00	136.5	145.9	-0.40	1.13
Extra Income	5¼	57.48	57.48	61.34	+0.39	9.96
(Accum Units)	5¼	76.67	76.67	81.82	+0.27	9.96
Far East Gth Acc ♥	5¼	92.39	92.39	98.76	-1.06	0.32
Gilt & F.I.	5¼	50.69	50.69	53.65	-0.01	9.34
(Accum Units)	5¼	103.1	103.1	109.1	...	9.34

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Unit Trusts (1200)H						
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794						
TSB American	6	108.21	109.01	115.96	-1.57	0.76
Do Accum	6	118.28	119.15	126.75	-1.72	0.76
TSB Gilt Growth	6	64.17	65.18	69.34	+0.06	3.94
Do Accum	6	70.94	72.07	76.67	+0.08	3.94
TSB European	6	64.49	64.83	68.96	-0.07	1.27
Do Accum	6	66.83	67.19	71.47	-0.07	1.27
TSB Extra Income	6	140.14	143.46	152.61	+0.05	6.14
Do Accum	6	198.2	202.89	215.84	+0.08	6.14
TSB Smaller Cos	6	37.8	39.53	42.05	-0.05	3.29
Do Accum	6	39.64	41.45	44.09	-0.05	3.29
TSB General	6	197.14	200.59	213.39	+2.11	4.16
Do Accum	6	361.41	367.74	391.21	+3.88	4.16
TSB Premier Income	5	41.92	42.14	43.59	+0.02	9.48
Do Accum	5	73.01	74.09	77.17	+0.05	9.48
TSB Income	6	259.48	264.97	281.88	+0.59	5.8
Do Accum	6	482.97	492.59	524.02	+1.1	5.8
TSB Pacific	6	189.73	193.17	205.49	-1.41	0.38
Do Accum	6	197.42	200.99	213.81	-1.47	0.38
TSB International	6	325.6	328.64	349.61	-1.61	1.45
Do Accum	6	417.64	421.58	448.45	-1.35	1.45
TSB Nat Resources	6	54.86	56.05	59.62	....	1.34
Do Accum	6	59.5	60.8	64.68	+0.1	1.34
TSB Shield Oppa	6	68.34	70.08	74.59	+0.02	3.94
Do Accum	6	81.56	83.64	88.97	+0.02	3.94
Environmental Inv	6	40.05	40.77	43.37	-0.07	2.55
Do Accum	6	40.97	41.7	44.36	-0.07	2.55
TSB Selector	6	41.77	42.63	45.35	+0.09	4.62
Do Accum	6	43.05	43.93	46.73	+0.09	4.62
TSB High Income	6	43.96	44.57	47.41	+0.06	6.64
Do Accum	6	45.26	45.9	48.82	+0.05	6.64
TSB Intl Income	6	47.38	47.57	50.6	-0.07	7.02
Do Accum	6	47.38	47.57	50.6	-0.07	7.02
TSB Selector Income	6	44.88	45.44	48.33	+0.04	6.83
Do Accum	6	44.88	45.44	48.33	+0.04	6.83
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks						
Admin: 0296 394000 Dealing: 0296 32 2156						
American Eagle	5	61.14	61.14	65.29	-1.44	1.18
Australia	5	5.152	5.152	5.515	[illegible]	4.84
Equity	5	140.5	140.5	151.0	-0.5	5.09
Euro Spec Sit	5	94.20	94.20	101.1		0.68
Financial	5	25.07	25.18	27.13	+0.06	5.50
Global Opps Inc	5	56.13	56.13	60.40	-0.38	1.76

	Bid Price	Offer Price	+ or -	Yield Gr's
M & G Securities Ltd				
Charibond	98.0	98.0	+0.1	11.02
(Accum Units)	519.3	519.3	—	11.02
NAACIF Dec 24	—	39.8	..	10.24
MIM Ltd				
Exempt Funds				
Intl Mngd P'Folio	975.0	1053.0	....	[illegible]
Mngd Pens (Acc)	57.6	61.4	....	[illegible]
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Dec 11	111.9	119.9	....	3.20
UK Small Co † Dec 11	429.9	472.9	....	2.29
Fixed Interest † Dec 11	100.9	106.1	....	8.33
US Small Co Dec 11	104.7	112.0	....	0.00
Managed Dec 11	96.05	102.0	....	2.57
Intl Bond Dec 11	106.8	112.6	....	8.09
Japan Dec 11	63.04	67.20	....	1.01
European Dec 11	78.87	84.40	....	1.75
Nth American Dec 11	79.98	85.72	....	1.62
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Dec 28	41.2	42.8	....	2.50
Euro Expt Dec 28	46.1	48.4	....	2.96
Fixed Int Ex Dec 28	43.6	44.8	....	11.50
Japan Expt Dec 28	38.3	40.2	....	0.80
Managed Ex Dec 28	38.9	40.4	....	5.01
SE Asia Expt Dec 28	56.6	59.4	....	6.70
Sm Cos Expt Dec 28	28.4	29.8	....	5.82
UK Eqty Ex Dec 28	36.5	38.3	....	5.12
Phillips & Drew Fund Management Ltd				
Small Co's Dec 5	592.63	634.6	....	5.78
Do Accum	659.2	705.8	....	5.78
Int Expt Dec 26	148.8	150.4	....	3.03
UK Index Dec 10	999.0	1019	....	6.07
Do Accum	1056	1076	....	6.07
Convertible Dec 21	80.9	83.50	....	8.81
World ex UK Index Dec 17	658.3	667.0	....	3.05
Do Accum	658.3	667.0	....	3.05
Japan Index Dec 17	529.4	537.1	....	0.56
Do Accum	530.4	538.0	....	0.56
USA Index Dec 17	764.4	772.0	....	3.47

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd.	90 1	94.8	-0.1	-
Pension Managed Fd.	85 5	90 0	----	-
Life Deposit Fd	103.2	108.6	----	-
Pension Deposit Fd.	106 6	112.3	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	100.4	105.7	+0 6	-
Managed Growth	122 4	128 9	+0.3	-
Managed Opportunity	117 6	123.8	-0.3	-
NFMC Target Financial	88 7	93 4	+0.2	-
Pension Funds				
Managed Cautionary	106.1	111.7	+0 6	-
Managed Growth	125 1	131.7	+0.9	-
Managed Opportunity	119	125 3	+0.1	-
NFMC Target Mngd Pens	1337 9	1408.4	-5.2	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	142 0	149.5	......	-
UK Equity	147 1	154 9	...	-
Overseas Equity	114 4	120.5	...	-
Fixed Interest	133.9	141.0	...	-
Property	126.9	133.6	...	-
Index Linked	143.3	150 9	...	-
Deposit	148 1	155.9	...	-
With Profits (B)	124.3	130.9	...	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	308.6	324 9	-0 6	-
UK Equity	386 9	407.3	+0 2	-
Overseas Eq	290.0	305.3	-2.7	-
Americas	223.8	235.6	-2.3	-

Property Equity & Life Ass. Co
Baxter Ave, Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int Man Pension Fd	149 1	156.9	.....	
Int. Man.Crncy. Bd. Fd.		144.8	.....	
Int Man Crncy Bd Fdgl		131.3	.....	
Flexible Prop. Bd. Fd.		201.3	.....	
Flexible Money Bd. Fd.		366.4	.....	
Special Man. Inc. Fd.		135.5	.....	

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	140.0	148.0	+0.5	
Accum Equity	197 0	208 0	+0.5	
Accum Managed	200.5	211.5	+0.5	
Accum Five Star	150.5	158.5	-0.5	
Accum World	108.0	114.5	...	
Accum Lifetime	100.9	100 9	+0.1	
Pens Acc Equity	207.5	218.5	.....	
Pens Acc Managed	238.0	251.0	+0.5	
Pens Acc Intl	169.5	179 0	-1.0	
Pens Acc Deposit	188.5	199.0	...	
Pens Acc Five Star	158.5	167.5	-0.5	

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	198.8	209.8	+2.0	
UK Fixed Int Acc	164.9	174.0	.....	
Intl Equities Acc	150.5	158.8	-0.4	
UK Managed Acc	157.2	165.8	+0 9	
Property Acc	232.2	245.0	...	
Money Acc	124.2	131 1	+0.2	
Special Market Acc	119.5	126.1	+0.7	
Japan Equity Acc	88.0	92 9	-0 8	
North American Acc	85.6	90.3	-0.8	
Pacific Acc	74.7	78 9	-0.2	
Technology Acc	94.4	99.6	-5.9	

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	Bid Price	Offer Price	+ or -	Yield Grss
M & G (Guernsey) Ltd				
Island Gold	1560 90	1660.5		1 28
(Accum. Units)	2828 00	3008.5		1 28
Merrill Lynch Guernsey				
Bangkok NAV Dec 19		$63 40		–
Iberia Portfolio NAV		$9 29	-0.06	–
NM Financial Mgmt Intl Ltd				
Mngd Currency (Susp)	£–	–		–
NM Portfolio Selection Fund Ltd (Suspended)				
Conscientia	£–	–		–
Far East Gwth	$–	–		–
Smaller Co's	£–	–		–
Special Sits	£–	–		–
Intl Bond	$–	–		–
American Fund	$–	–		–
American Smaller Cos	$–	–		–
Australian Fund	£–	–		–
British Fund	£–	–		–
European Fund	£–	–		–
Gold Fund	£–	–		–
Hong Kong Fund	£–	–		–
International Fund	£–	–		–
Japanese Fund	£–	–		–
Japan Smaller Cos	£–	–		–
Singapore & Malaysian	£–	–		–
Dollar Fixed Interest	$–	–		–
Sterling Fixed Int	£–	–		–
Deutschemark Currency	DM–	–		–
Dollar Currency	$–	–		–
Sterling Currency	£–	–		–
Yen Currency	Y–	–		–
Managed Currency	£–	–		–
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,700	2,727		–
New Generation Fd $	$21.64	21.87		–
Japan Index Alpha	Y7,634	7,748		–
Jap Sector Rotation	Y6,935	7,037		–
Jap Cap Gwth CB	[illegible]	[illegible]		–
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	130.3	130.7	-0.07	10.75
Managed Dollar	$14 21	14.26	+0.09	7.61
Sterling Deposit	100.0	100 0		10.37
Dollar Deposit	$10 00	10.00		–
DM Deposit	DM50.99	50.78		6.17
SWFr Deposit	SFr50 00	50.00		–
J Yen Deposit	Y5,049	5,068		5.29
Saudi International (Guernsey) Ltd				
Intl Bond	$10.33	10.51		–
Intl Dollar	$10.30	10.31		–

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1.114	1.114	1.182	[illegible]	10.10
Offshore High Yield	3½	£1.429	1.429	1.488		14.62
Global Equity Fund	5½	$13.10	13.10	14.01		1.36
European Equity	5½	[illegible]	15.88	16.98	-0.12	1.47
UK Growth (CI Fund)	5½	£4.119	4.119	4.405	[illegible]	3 67
Nth American Eqty	5½	$8.746	8.746	9.326	[illegible]	0.65
Far Eastern Eqty	5½	£8.758	8 758	9.367	[illegible]	1.50
Intnl. Bond Fund						
Sterling Managed	5½	£10.23	10 23	10.90	-0.01	8.80
US Dollar Managed	5½	$13.56	13.56	14 47	+0.03	6.52
International Currency Fund						
Sterling Managed ♦	5½	£24.85	24.85	26.30	-0.01	–
US Dollar Managed ♦	5½	$28 98	28 98	30.67	+0.01	–
Sterling ♦ ♦	0	£23.77	23.77	23.77	+0.01	13.69
US Dollar ♦ ♦	0	$37.17	37.17	37.17	+0.01	6.89
Deutschemark ♦ ♦	0	DM58.22	58.22	58 22	+0.01	7.80
Japanese Yen ♦ ♦	0	Y4,733	4,733	4,733	+1	6.54
Swiss Franc ♦ ♦	0	SFr45.48	45 48	45 48	+0 01	7.26
Irish Punts ♦ ♦	0	I£21.56	21.56	21.56	+0.01	7.61
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	£9.293	9.311	9.555	[illegible]	11.72
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 37788						
Intl Growth Portfolio	6	88 00	88.00	93.35	-0.28	0.00
Gilt	3	91.21	91.21	94.04	+0 03	12.76
MIM Britannia International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5¼	0.1653	0.1653	0.1743		9.47
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	54.47	54 47xd	56.90	(z)	11.42
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	104.80	104.80	107.94	+0.05	13.50
Gilt & Fixed Interest	3	101.51	101.51	104.55	-0.33	11.63
[illegible]	3	44.50	44.50	47.26	+0.09	6.14
International Bond	5	100.17	100.17	105.18	-0 06	7.52
UK Equity	5	81.67	81.67	88.33	-0.03	1.62
International Equity	5	83 86	83.86	89.73	-0.37	0.43
Far Eastern	5	73.75	73.75	78.73	-1.03	0.00
European	5	67.35	67.35	71.28	-0.55	0.42
Pan American	5	82.08	82.08	87.13	-1.16	0.79

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
GW Investment Mngmt Ltd				
GW Guaranteed Futures Ltd-Ser I NAV July 31 US$9.13				
Gaia Currency Funds				
Gaia Hedge I	$110.97	119.25		–
Gaia Hedge II	$259.53	262.62		–
Gaia Hedge III	$79.34	81.50		–
Gaia Gtd Crrncy	$86.94	–		–
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio	0.99		-0 01	11.98
Growth Portfolio	£1.15			3.00
Balanced Portfolio	1.01			2.18

	Bid Price	Offer Price	+ or -	Yield Gross
Nomura Warrant Fund 1990 Ltd				
NAV		$3 88		–
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr278.0	279 0		–
Low Risk Fund	DKr219 0	220.0		–
High Perf Fund	DKr260.0	261.0		–
Bond Fund	DKr164.0	165.0		–
Second Low Risk Fd	DKr172.0	173.0		–
Second High Perform Fd	DKr202.0	203.0		–
Mixed Intl Fd	DM140.0	141.0		–
Invest Fd (Cayman)	DKr126 0	127 0		–
High Perf Fd (Cayman)	DKr133.0	134.0		–
Bond Fd (Cayman)	DKr127.0	128.0		–
Mixed Fd (Cayman)	DM112.0	113.0		–
High Security Fd	DKr140.0	141.0		–

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES

	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2625.50	2637.13	2621.29	2633.66	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	(u)	91.40	91.53	91.70	93.04 (3/1)	88.44 (24/9)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	913.23	922.23	920.91	923.91	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	210.45	211.33	210.70	211.39	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 2652.23 (2653.96) Low 2616.58 (2613.37)

STANDARD AND POOR'S

	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	328.29	330.85	329.90	331.75	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	384.38	387.09	385.94	387.93	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.47	23.88	23.78	23.95	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	179.48	180.60	180.01	180.87	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	303.67	304.99	304.59	306.20	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	371.05	372.40	372.41	373.60	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 21	Dec. 14	Dec. 7	year ago (approx.)
Dow Industrial Div. Yield	3.92	3.97	3.98	3.93

	Dec. 26	Dec. 19	Dec. 12	year ago (approx.)
S & P Industrial div. yield	3.31	3.32	3.31	2.90
S & P Indl P/E ratio	15.92	15.88	15.89	14.51

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
MCA	1,696,600	68½	+ ⅛
Bank of N. Eng	1,395,900	½	- 1/16
Chemical Bkg.	1,030,900	11¼	- ¼
Toys R US	1,002,700	22¼	- ½
Chase Manhattan	916,900	10⅛	- ½
Occidental Pet.	897,700	19	- ⅝
Navistar Intl	872,100	2	... ...
Am T & T	868,700	30⅛	- ¼
Templeton	856,000	8⅞	+ ¼
Tiffany	788,300	35	- 2¼

TRADING ACTIVITY

† Volume Millions	Dec. 27	Dec. 26	Dec. 24
New York	102.900	78.730	72.299
Amex	9.359	7.957	4.669
NASDAQ	102.724	72.374	44.211
Issues Traded	(u)	1,951	1,919
Rises	(u)	780	511
Falls	(u)	621	866
Unchanged	(u)	550	542
New Highs	(u)	10	7
New Lows	(u)	36	42

CANADA

TORONTO

	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1990 HIGH	1990 LOW
Metals & Minerals	2742.94	(c)	2744.02	2747.22	3453.05 (4/1)	2486.60 (8/11)
Composite	3233.69	(c)	3239.13	3243.77	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1713.97	(c)	1713.77	1720.44	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 28	Dec. 27	Dec. 26	Dec. 24	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1279.8	1280.7	(c)	1270.7	1713.7 (12/1)	1270.7 (24/12)
All Mining (1/1/80)	584.0	586.7	(c)	583.4	860.8 (5/1)	578.5 (19/12)
AUSTRIA						
Credit Aktien (30/12/84)	440.06	443.87	(c)	(c)	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4963.81	4934.35	(c)	4930.49	6599.43 (12/1)	4930.49 (24/12)
DENMARK						
Copenhagen SE (3/1/83)	(u)	315.00	(c)	(c)	388.29 (20/7)	310.58 (21/12)
FINLAND						
Unitas General (1975)	395.6	396.6	(c)	(c)	677.3 (23/1)	395.4 (18/12)
FRANCE						
CAC General (31/12/82)	413.04	415.83	414.79	(c)	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1517.93	1528.90	1536.89	(c)	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	603.06	610.65	(c)	(c)	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1701.2	1726.1	(c)	(c)	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1398.23	1410.87	(c)	(c)	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3053.73	3066.71	(c)	3060.95	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1195.47	(c)	(c)	1203.43	1893.10 (22/1)	1193.66 (5/12)
ITALY						
Banca Com. Ital. (1972)	519.42	519.24	(c)	(c)	763.52 (14/6)	500.67 (29/11)
JAPAN**						
Nikkei (16/5/49)	23848.71	23940.70	23887.56	(c)	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1733.83	1740.55	1729.81	(c)	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	2711.15	2722.06	2718.07	(c)	4477.16 (16/7)	2711.15 (28/12)
MALAYSIA						
KLSE Composite (4/4/86)	500.88	500.72	501.92	500.61	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Tot.Rtn Gen.(End 1983)	229.6	231.3	(c)	231.0	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	168.3	169.5	(c)	169.3	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	677.01	661.82	(c)	(c)	915.13 (2/8)	649.23 (21/12)
PHILIPPINES						
Manila Comp (2/1/85)	651.42	651.65	657.78	(c)	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	323.28	321.68	318.99	(c)	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1201.08	1201.0	(c)	(c)	2230.0 (16/1)	1111.0 (18/12)
JSE Industrial (28/9/78)	3023.08	3003.0	(c)	(c)	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA						
Korea Comp Ex. (4/1/80)	(c)	(c)	696.11	693.76	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	223.25	222.15	224.50	(c)	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	870.00	856.0	(c)	(c)	1329.9 (5/7)	815.6 (27/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	628.5	629.9	(c)	(c)	845.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	520.1	520.6	(c)	(c)	698.2 (13/7)	510.4 (26/11)
TAIWAN						
Weighted Price (30/6/66)	(c)	4530.16	4279.33	4093.61	12495.34 (10/2)	2560.47 (1/10)
THAILAND**						
Bangkok SET (30/4/75)	612.86	603.81	600.88	587.86	1143.78 (25/7)	544.30 (30/11)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	461.5*	458.5	459.1	459.9	571.0 (4/1)	423.1 (28/9)

**December 25: Japan Nikkei 23767.88, Tokyo SE 1725.17, 2nd Section 2735.24; Thailand Bangkok SET 600.55
‡ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

A difficult year for the City's teenage mutant forecasters

"DADDY, DADDY, what's a bull market?" Such is the cry of youth in the new decade.

Think of the poor, teenage mutant scribblers in the City. This is not an easy time for them. Not only do they have to predict investment returns for a very uncertain year ahead; they also have to justify the advice they gave 12 months ago. Methinks the tomes might be weightier than ever this year. (Question: if investment analysts are trained to analyse, what are economists trained to do?)

Justification is easier for those of us in the quantitative fraternity. A little mathematical manipulation can work wonders. Stock market forecasts can look so much better when translated into another currency. ("Sorry, sir, you must have received our Brazilian edition.") And then, of course, it is absolutely essential to risk-adjust forecasts once the results are known. ("We did warn you, sir, of an extraordinarily wide probability distribution.") If these tactics fail, then it is permissible to claim any outcome to be a once-in-50-years event, thereby disqualifying it from any comparison with the original forecast.

Another useful tactic is not to make any forecasts in the first place. Indeed, I note with some relief that my 1,000-word review of world equity markets, published in the Financial Times 12 months ago, contained not a single forecast for 1990.

It has not been a good year for the scribblers. Few made a forecast that the new decade would begin with a deep and widespread bear market in which Japanese equities would lose almost half their value in sterling terms, and in which the UK market would turn in its worst performance since 1974.

Only a few markets, including Hong Kong and Mexico, have actually posted positive returns. Many have lost more than a fifth of their value. The FT-A World index, reflecting the performance of 24 equity markets worldwide, has fallen by almost 20 per cent in dollar terms and by 30 per cent in sterling terms.

UK fund managers will have gained some benefit from a build-up of cash during the year. Evidence from the WM Company indicates that pension funds held approximately 9 per cent of non-property assets in cash at the end of the third quarter, a high figure by historic standards.

It is their international equity exposure, however, which will have been the main drag on performance. In spite of producing its poorest performance for 16 years, the UK equity market has been, in relative terms, one of the best performers among the leading markets during 1990. Sterling has also been strong against most currencies. Consequently, the UK return stands up extremely well against sterling returns from other markets, as the table shows.

TOTAL RETURNS TO DOLLAR AND STERLING INVESTORS 1990

Market	$ returns (%)	£ returns (%)	Market	$ returns (%)	£ returns (%)
Mexico	79.3	53.2	Malaysia	−9.1	−22.3
Hong Kong	11.2	−5.0	Spain	−10.7	−23.7
Austria	8.6	−7.2	Belgium	−11.7	−24.5
UK	8.1	−7.7	Canada	−12.0	−24.8
Norway	−0.9	−15.4	France	−13.1	−25.8
US	−3.0	−17.1	Sweden	−16.6	−28.7
South Africa	−3.3	−17.4	Ireland	−16.9	−29.0
Netherlands	−4.1	−18.1	Australia	−17.5	−29.6
Denmark	−5.1	−18.9	Italy	−20.2	−31.0
Switzerland	−5.1	−18.9	Finland	−21.7	−33.1
Germany	−8.0	−21.4	Japan	−35.4	−44.8
Singapore	−8.5	−21.9	N. Zeal'd	−36.1	−45.4

Returns calculated to December 21 1990. Source: County NatWest WoodMac.

There will have been few places like home for US-based investors, in spite of the declining dollar. Europe has managed a dollar performance (−3 per cent) comparable with that of the US domestic market, however, thanks largely to the UK. The index for the World excluding the US has provided a negative 23 per cent dollar return.

Japanese investors have, of course, been the main sufferers this year. Almost 40 per cent of the local market value has disappeared, equivalent to some £800bn ($1,520bn). To put this in perspective, this amount is not too far short of the total current value of all European equity markets, including the UK.

The weighting of Japan within the FT-A World Indices has fallen to 33.5 per cent from 41.5 per cent at the start of the year. The US market again has a larger weighting (almost 35 per cent), having lagged Japan by 10 percentage points at the start of the year.

Will Japan now bounce back? Will any markets bounce back in 1991? Just what is the economic and financial outlook? Those weighty tomes hitting fund managers' desks are conveying some very gloomy messages.

In addition to developments in the Gulf, stock markets will have to cope with a severe slowdown in most economies. Activity in the US is fading fast and a full-blown recession now looks inevitable. Japan is also moving into a period of slower growth, squeezed by high real interest rates, a drying up in liquidity, and a wealth effect from that dramatic collapse in its equity market.

Some slowdown in continental Europe is also inevitable, but the outlook is far less bleak than in the UK, where all the economic indicators now look decidedly bearish.

All this does not necessarily imply that 1991 will be another miserable year for equity markets. Stock markets are, after all, leading indicators. It is a question of how well they have already discounted the gloomy prospects ahead. And all the usual valuation criteria suggest that some good returns are now on offer, particularly in the UK and the rest of Europe.

This is not to suggest that I am tying myself to any precise predictions. Once again, there must be an extraordinarily wide probability distribution attached to these forecasts. But, surprisingly, 1991 could turn out to be a reasonable year for equities. Even that perceptive and useful piece of research produced annually by Old Moore, the doyen and mentor of all aspiring quantitative analysts, designates 1991 as "the year of optimism".

We should not forget, however, that many a turn of event could serve once again to sour equity performances. But all would not be lost: Old Moore does also assure us that January will be a good month for National Hunt favourites.

Adrian FitzGerald

Adrian FitzGerald is director of quantitative research at County NatWest WoodMac.

AMERICA

Dow shrugs off poor economic data

Wall Street

SHARE PRICES shrugged off yet more bad economic news to stand little changed yesterday morning, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was down 6.43 at 2,619.06. The broader Standard & Poor's 500 was also weaker, down 0.66 at 327.63, while the Nasdaq composite of secondary stocks was down 1.00 at 370.05.

Turnover was again light, partly because an overnight snow storm which blanketed Manhattan persuaded some market players that they should stay at home and start the weekend early.

Although the bigger-than-expected 1.2 per cent drop in the November index of leading economic indicators led to some early losses – the Dow was down 10 points in the first half hour – the fact of the US recession is already in share prices and so any selling dried up rapidly. Another rise in oil prices – February crude oil was up 30 cents at $27.31 a barrel at midday – also had little impact on equities.

Bond prices were equally moribund, with the benchmark 30-year issue ⅛ easier at 105⅜ at midday, yielding 8.257 per cent.

The mood of the treasury and equity markets was summed up by one bond dealer who said: "Nobody cares about anything today except how to get home."

Among active stocks American Express fell $⅛ to $20⅛ on turnover approaching 1m shares. The interest in the stock was triggered by a morning press report warning that American Express's securities subsidiary, Shearson Lehman, may face further write-offs because of poor real estate and other investments.

Two paper companies posted declines after they were named as defendants in a $2bn lawsuit filed in Mississippi over the dumping of dioxin and other pollutants in three state rivers. Georgia-Pacific was down $1¾ at $37 and International Paper $⅝ lower at $53¼ in early afternoon trading.

Among over-the-counter stocks, Applied Biosystems stood out, rising $1¾ to $11 after a Merill Lynch analyst recommended the stock in anticipation of increased demand for the company's scientific instruments.

Shares in Chicago-based Boulevard Bancorp were suspended while the commercial banking group announced a fourth quarter loss of $6.8m because of increased provisions against loan losses. The market regarded the action as necessary and welcome, and when trading reopened the shares moved ahead by $¼ to $13.

Canada

THIN, post-holiday trading left Toronto stocks narrowly mixed in early dealings yesterday. "The market has been overbought, but without further cuts in interest rates it is not going to move much either way," said Mr Joe Ismail, an analyst at Security Trading.

The composite index eased 1.8 to 3,231.9 in scant volume. Advances led declines by 74 to 69. Active issues included Northstar Energy Corp down 20 cents to C$4.60, Enscor up 5 cents at 45 cents, and Varity off 1 cent at C$2.35.

EUROPE

Long weekend keeps mood cautious

THE MOOD was cautious on the last trading day of 1990 yesterday, as leading markets finished 1990 with losses of 20 per cent or more. Most bourses will be on holiday for the new year on Monday and Tuesday, *writes Our Markets Staff.*

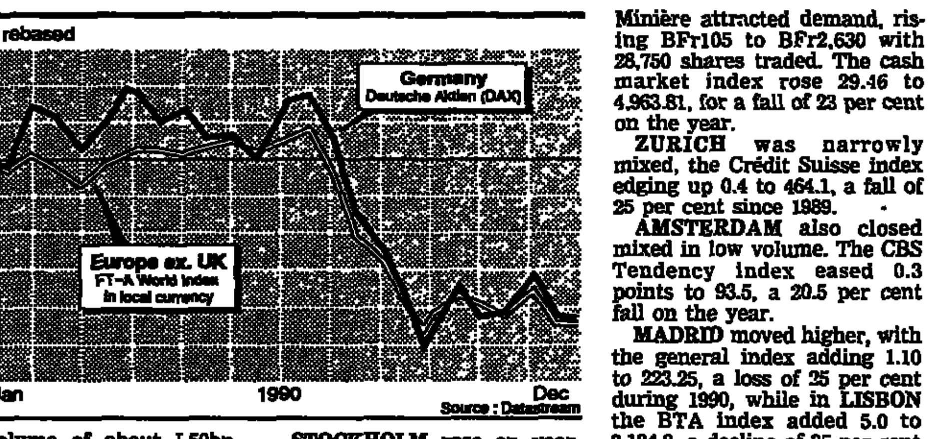
FRANKFURT ended on a weak note. Analysts expected little improvement in the early part of 1991, although the planned abolition of a 0.25 per cent bourse turnover tax could give the market a small lift.

The DAX index fell 12.64 to 1,398.23, down 22 per cent on the year. The FAZ index fell 10.59 to 603.06, a drop of 19 per cent on the year. Turnover remained thin at DM2.5bn after Thursday's DM1.9bn.

PARIS finished above its day's low as investors made end-of-year portfolio adjustments. The CAC 40 index closed 10.97 lower at 1,517.93, after recovering from 1,498.16. The index fell 24 per cent during the year.

Financial stocks were weak, with Société Générale falling FFr10.70 to FFr379.30 and Paribas losing FFr17.90 or 4.1 per cent to FFr416.

MILAN, one of the few bourses planning to open on Monday, was little changed in thin volume of about L50bn. The Comit index rose 0.26 to 519.42, up 0.8 per cent on the week.



The only big mover among the blue chips was Montedison, which added L19 to L1,385. Acqua Marcia was L1 lower at L340 and Bastogi, its subsidiary, fell L14 to L276 on disappointment about the terms of the partial sale of Bastogi.

OSLO jumped in tax-related dealing. The all-share index rose 10.10 to 456.54 in volume of NKr517m. The index rose 4.7 per cent on the week but ended the year 13.5 per cent lower.

STOCKHOLM rose on year-end window-dressing but the gains were exaggerated by the low volume of SKr119m. The Affärsvärlden General index rose 14.0 to 870.0, down 31 per cent on the year.

COPENHAGEN was pushed higher by last-minute window-dressing, but business was quiet. The index rose 4.42 to 315.00 on Thursday, a fall of 13 per cent in 1990. HELSINKI's Unitas all-share index slipped 1.0 to 395.6, a loss of 35 per cent on the year.

BRUSSELS edged higher in quiet trading. ACEC-Union Minière attracted demand, rising BFr105 to BFr2,630 with 28,750 shares traded. The cash market index rose 29.46 to 4,963.81, for a fall of 23 per cent on the year.

ZURICH was narrowly mixed, the Crédit Suisse index edging up 0.4 to 464.1, a fall of 25 per cent since 1989.

AMSTERDAM also closed mixed in low volume. The CBS Tendency index eased 0.3 points to 93.5, a 20.5 per cent fall on the year.

MADRID moved higher, with the general index adding 1.10 to 223.25, a loss of 25 per cent during 1990, while in LISBON the BTA index added 5.0 to 2,134.8, a decline of 35 per cent since the year's high on January 4.

The ATHENS general index slipped 3.58 to 931.60 yesterday, but doubled during 1990; the 50-share index in ISTANBUL rose 95.03 to 3,255.75, for a gain of 47 per cent on the year; and, in VIENNA, the bourse index eased 4.78 to 502.96, a fall of only 1.7 per cent on the year.

NICOSIA fell in light trading amid continuing concern over the Gulf crisis. The index finished at 256.8, down 2.8 points on the week, but up 36 per cent on the year.

ASIA PACIFIC

Nikkei closes 1990 with a loss of 38.7%

Tokyo

THE TOKYO stock market closed lower yesterday on the final trading day of 1990, as prices dipped in dull trading. The Nikkei average has fallen 38.7 per cent since the start of the year, its first year-on-year decline in 13 years, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 91.99 to 23,848.71 by the close of the half-day trading session. It opened at 23,953.52 and reached the day's high of 24,055.29 on arbitrage-linked buying. But the index fell to the day's low of 23,770.72 on selling triggered by the weakness in the futures market.

Activity remained low with 180m shares changing hands, compared with Thursday's full-day volume of 330m. Investors were reluctant to hold positions over the holidays, with continuing worries that war might break out in the Gulf. The market reopens on Friday.

A total of 599 issues declined and 290 gained, while 204 issues remained unchanged. The Topix index of all first section stocks fell 6.72 to 1,733.83 and in London, the ISE/Nikkei 50 index fell 4.52 to 1,322.74.

Sony fell Y60 to Y5,840 on concern over margin positions which are due to be settled in January. The issue was traded heavily on margin debts in July when it hit its high for the year. The balance of margin positions totalled more than 12m shares on December 21. TDK lost Y100 to Y4,200 and Kyocera fell Y40 to Y5,870 on similar worries.

Cement stocks lost ground on reports that the Fair Trade Commission had ordered 12 leading cement makers to end a price-fixing and production cartel. Nihon Cement lost Y50 to Y1,050, and Sumitomo Cement fell Y7 to Y615.

Air conditioning companies fell. The issues had been strong on good profit forecasts due to brisk demand from companies overhauling their computer rooms. Takasago Thermal Engineering fell Y20 to Y2,890 and Taikisha lost Y100 to Y2,590.

Itoman, the trading company with heavy land investments in a softening property market, lost Y9 to Y435. The issue has been stable in spite of reports of difficulties with its financial restructuring. Traders said that investors who used the issue as collateral for margin trading were supporting the share price.

In Osaka, the OSE average ended the year by falling 156.24 to 25,129.43. Volume remained subdued with 16.5m shares changing hands against Thursday's 33.5m. Nintendo, the video game maker, continued to fall, losing Y400 to Y18,500. The issue has declined 46 per cent from its all-time high of Y34,300 in the summer.

Roundup

PACIFIC RIM markets were little changed on the day but most were significantly lower on the year, as the majority closed their books for 1990. Taiwan and Seoul were shut.

AUSTRALIA eased before the new year holiday, with the All Ordinaries index slipping 0.9 to 1,279.8 to end the year 22 per cent lower. The index peaked this year at 1,713.7 on January 12. Turnover was boosted by options-related activity to about A$210m, from Thursday's A$187m.

The Adsteam group, which has a December 31 deadline for banks to approve a debt plan, fell after recent gains. Adsteam slipped 7 cents to 37 cents, Tooth shed 10 cents to 72 cents and David Jones lost 3 cents to 35 cents.

NEW ZEALAND rose on the last trading session of the year, with the Barclays index adding 6.39 to 1,202.86. Turnover grew to NZ$10m from NZ$5m on Thursday, with foreign investors showing interest. The market finished the year almost 40 per cent lower.

JAKARTA gained ground in the last session of the year, with the composite index rising 7.17 to 417.78 in active volume of 5m shares, up from Thursday's 1m. The market gained 4.5 per cent during the year.

Among the active stocks yesterday were Sampoerna, the cigarette maker, which rose 100 rupiah to 5,950 with 271,000 shares traded; and Branta Mulia, the tyre cord company, which gained 200 rupiah to 7,750 on 254,000 shares.

BANGKOK rose in the last few moments of trading, as traders tried to close their books on a positive note. The SET index gained 9.05 to 612.86, after falling more than 4 points earlier. Turnover was moderate at 1.5bn baht. The index shed 30 per cent during 1990.

HONG KONG declined in light trading, with the Hang Seng index falling 12.98 to 3,053.73. Turnover was HK$338m after HK$341m. The market will open for a half day's trading on Monday.

SINGAPORE weakened quietly on its last trading day of 1990, as the Straits Times Industrial index eased 6.06 to 1,154.48 – a loss of 22 per cent over the year. Turnover was thin, although it picked up to S$45m from S$29m.

KUALA LUMPUR wiped out early losses to finish 0.16 higher on the composite index at 500.88. Bargain-hunting helped volume rise to 29m shares from the previous day's 20m. The market is expected to open for a half-day on Monday.

MANILA was discouraged by rising interest rates and ended its last trading day of 1990 lower in quiet trading. The composite index lost 0.23 to 651.42, a fall of 41 per cent during the year.

SOUTH AFRICA

JOHANNESBURG closed quietly mixed in thin holiday trading. The all-gold index was unchanged at 1,201 while the overall index rose 12 to 2,723. Vaal Reefs fell R2 to R200 and De Beers was 55 cents off at R66.60.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 27 1990								WEDNESDAY DECEMBER 26 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (75)	117.55	−0.1	92.26	101.35	93.56	101.85	+0.8	7.82	117.67	92.48	101.16	93.63	101.05	158.31	117.52	152.34
Austria (19)	193.08	−1.1	151.54	166.48	153.69	153.55	−0.5	1.78	195.23	153.43	167.84	155.35	154.25	285.63	178.57	182.24
Belgium (60)	129.30	+0.8	101.48	111.47	102.91	100.92	+0.0	5.68	128.32	100.84	110.30	102.10	100.94	160.02	126.67	154.88
Canada (120)	128.85	−0.2	101.13	111.09	102.55	108.32	−0.1	3.68	129.09	101.45	110.97	102.71	108.40	153.61	121.24	151.22
Denmark (33)	229.91	+1.2	180.44	198.23	183.00	184.33	+1.5	1.63	227.24	178.59	195.36	180.81	181.54	277.82	224.71	241.57
Finland (25)	101.77	+0.3	79.87	87.75	81.01	78.86	+0.5	3.87	101.49	79.76	87.25	80.76	78.48	152.29	98.91	133.83
France (122)	128.93	−0.4	101.19	111.16	102.61	105.27	−0.2	3.95	129.49	101.77	111.31	103.03	105.51	168.85	124.96	156.44
Germany (91)	110.66	−0.5	86.85	95.42	88.06	88.08	−0.5	2.58	111.20	87.39	95.61	88.48	88.48	144.83	101.38	124.05
Hong Kong (48)	123.34	+0.1	96.81	106.35	98.18	123.58	+0.1	5.41	123.26	96.87	105.97	98.09	123.51	147.49	112.24	119.38
Ireland (16)	146.71	+0.8	115.15	126.50	116.78	118.78	+0.0	4.38	145.49	114.34	125.07	115.76	118.78	198.57	139.04	180.36
Italy (91)	77.10	+0.8	60.51	66.47	61.36	66.39	+0.9	3.71	76.46	60.09	65.72	60.83	65.78	109.26	75.73	98.75
Japan (463)	124.37	+0.3	97.61	107.23	99.00	107.23	+0.6	0.80	124.01	97.46	106.61	98.69	106.61	197.26	106.58	197.58
Malaysia (34)	208.87	−0.8	162.36	178.38	164.66	217.23	−0.5	3.11	208.63	163.96	179.35	166.01	218.40	250.89	182.96	229.99
Mexico (12)	580.88	−1.0	455.91	500.84	462.36	1878.02	−0.1	0.37	586.79	461.15	504.45	466.91	1879.14	613.96	324.53	323.10
Netherland (41)	131.74	−0.1	103.40	113.59	104.86	103.96	+0.1	5.17	131.82	103.60	113.32	104.89	103.85	149.03	127.56	143.23
New Zealand (15)	42.90	−0.2	33.67	36.99	34.15	38.93	−0.1	8.68	43.00	33.79	36.97	34.21	38.96	75.36	42.62	72.28
Norway (27)	198.26	+2.3	155.60	170.94	157.81	161.46	+2.1	1.91	193.88	152.35	166.66	154.26	158.14	276.79	193.70	196.27
Singapore (25)	156.94	−1.7	123.17	135.31	124.91	126.82	+1.1	3.48	159.66	125.47	137.25	127.04	125.44	209.24	147.24	179.77
South Africa (60)	182.56	+0.4	143.29	157.40	145.31	135.97	+0.0	4.00	181.92	142.97	156.39	144.75	135.96	251.39	151.50	197.36
Spain (41)	136.23	−1.2	106.92	117.46	108.43	100.99	−0.8	5.52	137.86	108.35	118.52	109.70	101.78	182.25	128.54	163.44
Sweden (27)	155.73	−0.5	122.22	134.27	123.96	131.98	−0.4	3.09	156.46	122.96	134.51	124.50	132.53	234.93	153.11	191.63
Switzerland (68)	87.10	−0.4	68.36	75.10	69.34	70.52	−0.4	2.97	87.42	68.70	75.16	69.57	70.79	109.77	85.00	94.31
United Kingdom (298)	163.70	+0.6	128.48	141.13	130.29	128.48	+0.5	5.44	162.66	127.84	139.83	129.42	127.84	176.18	139.87	157.23
USA (533)	132.72	−0.7	104.16	114.44	105.64	132.72	−0.7	3.76	133.67	105.05	114.92	106.37	133.67	148.95	119.06	141.95
Europe (959)	132.49	+0.2	103.99	114.24	105.46	105.12	+0.1	4.43	132.28	103.96	113.72	105.26	104.97	157.65	124.91	141.97
Nordic (112)	164.55	+0.6	129.14	141.87	130.97	130.24	+0.8	2.34	163.53	128.52	140.59	130.12	129.23	223.29	162.50	186.89
Pacific Basin (650)	123.75	+0.3	97.12	106.70	98.50	107.25	+0.6	1.21	123.44	97.01	106.12	98.22	106.63	192.75	107.82	192.86
Euro – Pacific (1609)	127.65	+0.2	100.18	110.05	101.60	107.13	+0.4	2.58	127.38	100.10	109.49	101.35	106.71	174.18	116.03	172.65
North America (653)	132.39	−0.7	103.91	114.16	105.40	131.11	−0.7	3.75	133.30	104.76	114.61	106.08	132.00	148.43	119.26	142.40
Europe Ex. UK (661)	113.47	−0.2	89.06	97.85	90.34	91.46	−0.1	3.65	113.70	89.36	97.77	90.49	91.58	145.62	109.94	131.27
Pacific Ex. Japan (197)	115.76	−0.2	90.85	99.82	92.15	103.92	+0.5	6.46	116.01	91.17	99.75	92.32	103.43	146.72	115.76	136.33
World Ex. US (1801)	128.49	+0.2	100.84	110.79	102.27	107.90	+0.4	2.63	128.23	100.78	110.25	102.04	107.51	173.77	117.12	172.24
World Ex. UK (2036)	125.53	−0.2	98.52	108.24	99.93	114.29	−0.1	2.72	125.81	98.87	108.16	100.12	114.38	162.00	115.37	160.68
World Ex. So. Af. (2274)	128.59	−0.1	100.93	110.88	102.36	115.65	+0.0	3.02	128.76	101.19	110.70	102.46	115.57	161.84	118.04	160.13
World Ex. Japan (1881)	132.56	−0.3	104.04	114.30	105.53	120.15	−0.3	4.11	132.99	104.52	114.34	105.84	120.52	151.59	124.31	142.76
The World Index (2334)	128.92	−0.1	101.18	111.16	102.82	115.70	+0.0	3.03	129.08	101.44	110.97	102.72	115.71	162.05	118.33	160.35

Constituent change 28/12/90: Deletion: Foseco (UK). Latest prices were unavailable for this edition. Irish market closed 27/12.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5	£9¼	+⅛	Q28%	2.1	8.7	5.4
303	133	ANZ $A1	133	–1½	Q38c	♦	11.0	♦
234	172	Abbey National 10p	231	.....	5.7	4.3	3.3	9.4
*274	128	Allied Irish Ord	143	.....	t040%	3.3	6.9	6.5
85	47	Anglo Irish	57	.....	Q18.6%	2.3	7.3	7.5
93	60	Ansbacher (H.) 1p	68	–2	2.5	1.3	5.6	17.3
£71¼	£32	Bancaire Cie Fr100	£43	–4	Q12½%	–	3.0	–
£22½	£12	Banco Bilbao Viz	£13	–⅛	Q49.1%	2.7	6.2	8.9
£58	£25	Banco de Santander	£25	.....	Q24.7%	2.5	4.0	10.0
286	130	Bank Ireland IrE1	154	–1	Q14.3%	2.9	8.5	5.4
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	.....	t15.0	–	5.7	–
129½	100	Bank Scotland	118	+2	t4.55	3.4	5.1	7.5
101¼	83¼	Do. 9¼pc Irrd Pf	96½	.....	9¼%	–	12.8	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	343	+2	th19.57	3.5	7.2	5.0
22	10	Beachmark 20p	11	.....	0.75	–	9.1	–
335	205	Brown Shipley £1	285	.....	±12.0	2.2	‡	6.6
*435	285	Cater Allen £1	389	.....	F24.5	–	8.4	–
179	29	Chancery	44	.....	t9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£16	.....	Q18%	–	3.9	–
£13½	620	Dai Ichi KBk Y50	750	+15	Q17%	6.2	0.5	35.4
£313	£189	Deutsche Bk DM50	£207½	–2	Q28%	–	2.3	–
£20	£14½	Espirito Santo	£16¼	–¼	075c	5.1	2.3	8.6
253	166	First Nat. Fin. 10p	188	–2	13.0	2.1	9.6	6.2
121	82	FNFC 6.3pc Cv. Pf	93	–2	6.3%	–	9.0	–
£13½	633	Fuji Bank Y50	929	–1	tQ17%	6.9	0.4	39.5
325	262	Gerrard & National	315	+1	19.0	–	8.0	–
154	75	Guinness Mahon 10p	77	.....	1.45	♦	2.5	♦
328	194	Hambros 20p	236	.....	t11.5	–	6.5	–
128	88	Do. 7.5pc Cv Pf	100	.....	7½%	–	10.0	–
53½	29	HK & Shang. HK$2.50	31½	.....	th038c	–	8.1	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	125	–1	10.25	–	10.9	–
422	262	Kleinwort Benson Grp	278	–4	16.0	2.5	7.7	6.6
642	316	Kyowa Bank Y50	392	–40	Q14%	♦	0.8	♦
316	220	Lloyds £1	298	.....	t13.3	2.6	6.0	7.0
56	44	Lon. Scot. Bank 10p	49	–1	t2.4	1.9	6.5	9.7
404	176	Midland £1	189	–4	r18.0	2.6	12.7	3.9
£14½	£10	Mitsubishi Bank Y50	£10	.....	tQ17%	♦	0.5	♦
£12¼	£4	Mitsubishi Tst & Bk Y50	£6¼	+⅛	Q17%	12.4	0.6	13.3
£10½	£4	Mitsui Taiyo Kobe Y50	£7½	.....	tQ16%	6.0	0.4	40.2
904	410	Mitsui Tst & Bk Y50	555	–3	Q17%	♦	0.6	♦
326	203	Nat. Aust. Bk. A$1	212	+3	Q55c	♦	10.0	♦
368	227	NatWest £1	269	+1	t16.7	3.3	8.3	4.9
£210	£110	Ottoman Bank	£115	.....	Q110%	2.8	9.6	3.7
55	26	Rea Bros Group	29	.....	0.9	3.2	2.3	14.5
227	119	Royal Bk. Scotland	160	.....	8.4	q2.5	7.0	7.6
795	338	Saitama Bank Y50	385	–10	tQ14%	♦	0.7	♦
£12¼	567	Sanwa Bank Y50	750	.....	Q17%	6.7	0.5	32.9
902½	613	Schroders £1	703	.....	b12.5	5.9	2.4	9.5
712½	413	Do. £1 N/V	443	–5	b12.5	5.9	3.8	6.0
£25¼	£9½	Sec. Pacific $10	£11¼	–½	Q$2.52	–	11.5	–
616	235	Standard Chartd. £1	260	+1	35.0	1.4	17.9	(4.9)
£16¼	£5½	Sumitomo Bank Y50	£7½	.....	tQ16%	7.5	0.4	31.7
£11	£4	Sumitomo Tst & Bk Y50	£6	–⅛	Q17%	6.9	0.6	25.5
147	114	TSB	136	–1	t5.8	2.5	5.4	8.8
175	114	TSB Bank Ch'nel Is'l	126	.....	Q8.0	♦	6.5	♦
£46	£4¼	Tokai Bank Y50	£5½	–⅛	Q16%	4.1	0.8	39.3
920	484	Toyo Tst & Bk Y50	665	–16	tQ15.2%	6.9	0.5	29.8
611	499	Union Discount £1	574	.....	33.0	–	7.7	–
525	284	Warburg (S.G.)	335	.....	15.0	3.0	6.0	7.5
180	98	Do 6pc Cav Prf	114	–1	6%	–	7.0	–
279	134	Westpac $A1	134	–4	Q52.5c	♦	15.1	♦
420	293	Wintrust 20p	295	.....	8.7	4.2	3.9	8.2
969	509	Yasuda Tst & Bk Y50	605	–16	Q17%	5.9	0.6	30.3

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	40	CLF Yeoman 50p	50	.....	tQ18.5%	3.2	‡	2.4
71	44½	Cambridge Grp Ir5p	47	.....	tQ7½%	15.6	0.7	11.4
95	11	Capital Leasing Ir10p	37½	–½	tQ12%	3.5	2.8	9.2
*64	46	Cattle's (Hldgs) 10p	55	–1	tQ3.8	1.9	9.2	8.4
426	362	Prov. Financial	406	.....	r20.5	2.1	6.7	9.4
*232	130	Reflex Invs. Ir5p	138	–1	tgQ51%	7.9	1.7	10.1
225	192	Secure Trust Grp. 1p	197	+2	t8.5	2.8	5.8	8.3
210	135	Woodchester IR20p	165	.....	tQ16.7%	5.9	1.8	12.3

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

*33	6	Kemp (P.E.) 5p.....y	6	.....	–	–
6¼	3½	Moray Firth 1p.....y	3½	.....	–	–
45	19	Naras Resources...y	19	.....	–	–
57	18	Oroca Gold IR 2p...y	18	.....	–	–
72	15	Oxford Virology 5p. .y	15	.....	–	–
83	6	Poddington 5p......y	6	.....	–	–
118	65	Ransden's (Harry)...y	88	.....	4.5 ◆ 7.8	◆
38	5	Sempernova.........y	6	.....	–	13
		For Sleepy Kids see LEISURE				
3½	1¾	Systems Connections.y	1¾	.....	–	–
		For Tomorrows Leisure see LEISURE				
55	27	UPL Group 10p.....y	32	.....	–	–
89	8	Video Magic Leis. 1py	8	.....	–	–
6¼	1¾	Vista Ents 5p.......y	1¾	.....	–	–
5½	1¼	Wilton Group 1p...y	1¼	.....	–	5.9

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
♣ Not comparable
♠ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
† Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1..y	700	......
Finlay Pkg. 5p ...y	38	......
Holt (Jos) 25p....y	1305	......

IRISH

Cap. 8½% Ln. 1991...	£98¾	......
9pc Cap Ln. 1996..	£95	......
Fin. 13% 97/02...	£110¾	......
Arnotts	168	......
Carrol (P.J.).........	154	......
Helton Hldgs.......y	48	......
IRG...................	135	......
United Drug.........	138	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property

Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils

Aviva Petlm	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines

Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,050 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend December 29/December 30 1990

Dollar unsettled as statistics leave little doubt economy is now contracting rapidly

US indicators worse than expected

By Michael Prowse in Washington

THE US may be facing a deeper than anticipated recession following the fifth successive monthly decline yesterday in an index designed to predict economic turning points

The Commerce Department said its composite index of leading indicators, which consists of indicators such as orders for plant and equipment and unemployment insurance claims, fell 1.2 per cent in November, twice as much as analysts had expected.

The department revised up its estimate of the index's fall in October from 1.2 per cent to 1.3 per cent. The index fell 0.8 per cent in September.

The news appeared to unsettle the dollar, which dropped 2½ pfennigs to DM1.5 by mid-session, mainly as a result of European selling in thin holiday markets.

Purchasing managers in Chicago yesterday reported a large decline in an index gauging regional industrial conditions. After seasonal adjustment the Chicago index fell about 1.6 points in December to 45.0 compared with 49.9 as recently as September.

The decline increases the likelihood of a big drop in the closely-followed national purchasing managers' index, which will be released early in January.

The large fall in leading indicators for two months running fits a recent pattern in which economic statistics have been consistently more gloomy than forecasters envisaged.

Wednesday's 10.5 per cent drop in durable goods orders was far bigger than predicted, as was the 1.7 per cent decline in industrial production in November. A fall in non-farm employment of 267,000 last month also took analysts by surprise.

The index of leading indicators was pulled down by falls in eight of its 11 components, including manufacturers' new orders for consumer goods and materials, orders for plant and equipment, building permits, initial unemployment insurance claims and real money supply.

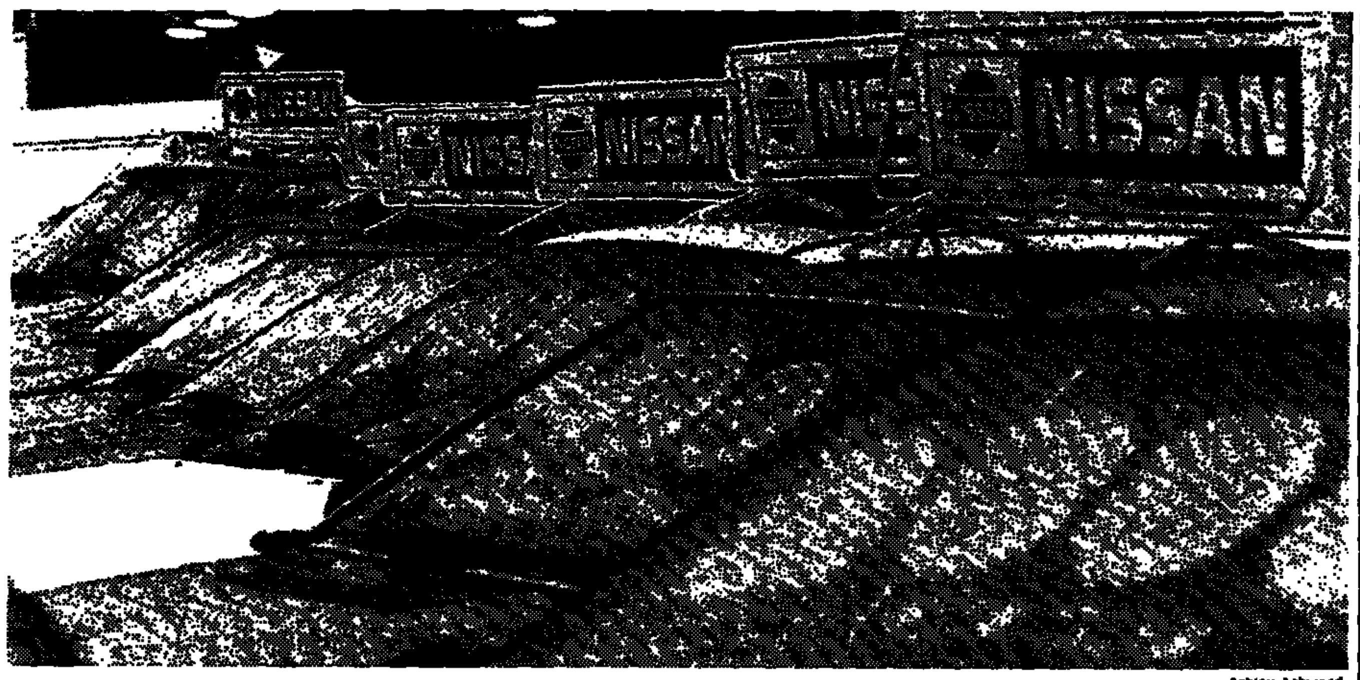
Successive falls in leading indicators have not been an infallible guide to downturns. The economy avoided recession in 1984 in spite of six consecutive monthly declines in the index. However the scale of the recent falls leaves little doubt that the US economy is now contracting rapidly.

This is implied by the composite index of coincident indicators of economic activity, which mirrors developments in the economy. This fell 1.1 per cent last month, having fallen 1.1 per cent in October and 0.9 per cent in September.

However analysts disagree about the timing and severity of the recession. The National Bureau of Economic Research, which dates recessions, is expected to say this downturn began at some point in the third quarter, possibly as early as July.

Forecasters have recently become more bearish. Many economists expect gross national production to fall at an annual rate of close to 4 per cent this quarter and not to recover until the middle of next year, implying a recession of average post-war severity.

Currencies, Page 11
World stocks, Pages 18 and 19



Ashley Ashwood

Plenty on show in London yesterday: Nissan has said that it can set up a new dealer network without hitting sales

Nissan dealers say feud has hit sales

By John Griffiths

SOME OF the UK's 200 independent Nissan dealers claimed yesterday that sales were being hit and public confidence in Nissan and its products was being undermined by the battle that has broken out between the Japanese manufacturer and its privately-owned importer.

Nissan, Japan's second largest car maker, has said it is cutting its links with Nissan UK, the company run by reclusive entrepreneur Mr Octav Botnar and which has built up 140,000 annual sales for Nissan during 21 years.

The termination, after a series of rows, becomes effective next December. Nissan has said it can set up a new network if necessary without hitting sales. Yesterday Worthing-based Nissan UK sent a message to its dealers rejecting the termination as "invalid" and assuring them of "business as usual".

Mr Botnar is on holiday in France and is not expected to return until early next week for a meeting with lawyers. However, concern was widespread among the wholly independent dealers who account for nearly 50,000 of Nissan's UK sales.

Out of a total of 400 UK dealers, some 170 are owned by Automotive Financial Group Holdings (AFGH), set up two years ago by Mr Botnar. Another 50 are "development" dealers with close financial links with Worthing.

Mr Robert Cole, managing director of Ancaster Group, a London-based dealer, said news of the termination was a shock. Ancaster has five dealerships and annual new vehicle sales of 2,000, and has held the franchise for 19 years.

According to Mr Cole, the feud "has definitely had an adverse impact. Launching the new Primera model with price hassles surrounding it does you no good; people are being put off from buying."

But few independents professed fears for their futures, with some cautiously welcoming the prospect of change. Most believe that their rolling 12-month contracts would enable them to switch allegiance to a distribution network owned by Nissan itself without difficulty.

Mr Christopher Spratt, owner of C J Spratt, which sells 100 new Nissans a year at Fareham, near Portsmouth, said there would be "no panic" if Nissan Japan moved in.

"We can diversify into another franchise if necessary. But I think that at the end of the day Nissan Japan is going to want us to sell and promote their products just as much as Nissan UK."

Bridalwear companies announce marriage settlement

By Clare Pearson

A GLITTERING engagement between two bridalwear companies was announced yesterday when Pronuptia, one of Britain's best-known retailers of wedding gowns, said it planned to tie the knot with Cupid, a leading manufacturer and wholesaler.

The happy pair aims to forge a formidable alliance commanding some 20 per cent of the UK bridal dresses and accessories market, now worth up to £100m after rapid growth in recent years.

Mr Mike Murray, managing director, said yesterday that Cupid should be able "to give Miss Average the best value for money on her wedding day" as a result of economies arising from the union.

The merger comes just ahead of the traditional boom period for bridalwear sales, as brides start prowling the shops in the new year for their weddings in the summer.

Cupid's acquisition, worth up to £3m, involves severing the ownership link between Pronuptia and Youngs, the menswear hire concern. Youngs and about half of the 66 retail premises – 32 of which are franchised – will remain in the hands of the vendor, Stenhouse Western, a family-owned company. Youngs, which has frequently kitted out the fathers and grooms of Pronuptia's brides, will continue to operate in tandem from many of the outlets.

Cupid is initially paying £2m for the stock, fixtures and fittings of Pronuptia and depending on future sales it may provide a further £500,000. It is also paying £500,000 for the right to use the trade name, owned by the French quoted company Pronuptia de Paris.

The marriage with Pronuptia will initially prove a financially-stretching one for Cupid, which is quoted on the Unlisted Securities Market. To finance the acquisition it is doubling its issued share capital through a placing and offer to shareholders, on a one-for-one basis, of 3.1m shares at 81p each. In addition, Stenhouse is to subscribe for 1m shares – about 13 per cent of the enlarged share capital – at 100p each.

The move comes after a period of heavy investment on Cupid's existing business which pushed interim pre-tax profits, announced yesterday, down to £81,000 (£203,000) on turnover of £3.46m (£2.93m). Yesterday the shares closed 5p down at 85p.

Mr Murray said the Pronuptia acquisition, which provides Cupid with a large and captive market for its products for very little increase in overhead, should significantly increase profits in the future.

Boardroom heaven, Page 8

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Dragerwerke	269	+	17.8
Goldschmidt	730	+	30
Porsche	755	+	20
Springer Axel	720	+	20
Falls			
Aachener Mn	660	–	34
Rheinmetall	285	–	20
NEW YORK ($)			
Rises			
Applied Bio	11	+	1¾
Boul'rd Banc	13	+	¼
Falls			
Am Express	20⅛	–	⅛
Citicorp	12¾	–	¼
Georgia Pac	37	–	1¾
Int Paper	53¼	–	⅝

New York prices at 12.30pm

PARIS (FFrs)			
Rises			
Bouygues	449	+	38
Fonciere Lyon	790	+	29
Locafrance	436	+	27
Merlin-Gerin	459.3	+	19.3
Simco	580	+	42
Skis R'sgnol	737	+	46
TOKYO (Yen)			
Rises			
Nitchitsu	1390	+	180
Nitto Seimo	1190	+	140
Tsubakimoto	2280	+	220
Falls			
Mochida Pharm	2350	–	180
Nippon Pipe	1010	–	70
Yamamura Gl	630	–	62

LONDON (Pence)			
Rises			
Acatos Hut'son	100	+	10
Carlton Comms	396	+	5
Green(E)	105	+	5
Lucas Inds	145	+	4
Saatchi	35	+	2
Sthn Water	250	+	5
TACE	152	+	4
Thorn EMI	677	+	6
Waterglade	27	+	5
Water Pkg	2670	+	30
Falls			
Brent Walker	69	–	5
Cupid	85	–	5
ERF	133	–	10
Egerton Tst	11	–	6
Glaxo	853	–	8
Lookers	71	–	3
Turriff	147	–	8

WORLDWIDE WEATHER

UK today: Windy everywhere. Cloud and some rain in the south, sunny spells and showers elsewhere, but in Scotland snow and blizzards. Outlook: wintry showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	Dallas †	C	4	39	Madeira	C	16	61	Prague	F	3	37
Algiers	C	17	63	Dublin	C	9	48	Madrid	C	9	48	Reykjavik	F	-4	25
Amsterdam	F	5	41	Dubrovnik	R	8	46	Majorca	F	15	59	Rhodes	C	15	59
Athens	F	15	59	Edinburgh	R	6	43	Malaga	F	20	68	Rio d'Janeiro		–	–
Bahrain	F	16	61	Faro	C	16	61	Malta	R	13	55	Rome	S	14	57
Barcelona	S	14	57	Florence	Fg	5	41	Manchester	R	6	43	Salzburg	S	6	43
Belfast	R	8	46	Frankfurt	C	4	39	Melbourne	F	22	72	S'Francisco †	S	7	45
Belgrade	R	4	39	Geneva	S	5	41	Mexico City		–	–	Santiago		–	–
Berlin	F	5	41	Gibraltar	S	18	64	Miami †	S	23	73	Seoul	S	-1	30
Biarritz	C	11	52	Glasgow	R	9	48	Milan	Fg	-3	27	Singapore	F	30	86
Birmingham	C	8	46	Guernsey	R	9	48	Montreal †	C	-11	12	Stockholm	F	2	36
Blackpool	R	7	45	Helsinki	R	3	37	Moscow	Sn	-4	25	Strasbourg	S	6	43
Bombay	S	31	88	Hong Kong	S	19	66	Munich	S	5	41	Sydney	S	24	75
Bordeaux	C	9	48	Innsbruck	S	2	36	Nairobi	F	25	77	Tangier	C	16	61
Boulogne	F	8	46	Inverness	R	5	41	Naples	F	13	55	Tel Aviv	C	17	63
Bristol	C	10	50	Isle of Man	R	9	48	Nassau		–	–	Tenerife	C	20	68
Brussels	F	6	43	Istanbul	F	11	52	Newcastle	F	6	43	Tokyo	S	10	50
Buenos Aires		–	–	Jersey	R	9	48	New Delhi	S	22	72	Toronto †	Sn	-2	28
Budapest	S	4	39	Johannesburg	C	24	75	New York †	Sn	-2	28	Tunis	F	16	61
Cairo	S	18	64	Las Palmas	C	20	68	Nice	S	13	55	Valencia	S	16	61
Cape Town	S	25	77	Leeds	R	7	45	Nicosia	C	15	59	Venice	Fg	2	36
Cardiff	C	9	48	Lisbon	C	14	57	Oporto	Dr	13	55	Vienna	S	6	43
Chicago †	Dr	-3	27	Locarno	S	5	41	Oslo	F	1	34	Warsaw	F	3	37
Cologne	C	5	41	London	C	8	46	Paris	C	6	43	Washington †	C	1	34
Copenhagen	S	4	39	Los Angeles †	S	7	45	Peking	S	-1	30	Wellington	C	16	61
Corfu	R	12	54	Luxembourg	C	3	37	Perth	S	28	82	Zurich	S	5	41

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.

† Noon GMT temperatures

Few concessions in history curriculum

By John Authers

DETAILS emerged yesterday of what is likely to be the final version of the national history curriculum, to be published next week.

In spite of reports that the curriculum, which follows a first draft published in April, represented a victory for traditionalists who want to emphasise knowledge of facts and dates, few concessions appear to have been made.

History, and how it should be taught and assessed, has been the subject of widespread debate since GCSE exams were introduced for 16-year-olds in 1986.

The controversy reached its peak when the working party of the National Curriculum Council, a government advisory body, published its first recommended curriculum in April.

Mr John McGregor, then education secretary, recommended changes, saying knowledge should be a distinct area for testing.

The council has adopted most of the alterations called for by Mr McGregor – "knowledge and understanding of history" now accounts for half the curriculum, and is reported on separately to parents.

Originally it was to be entitled "understanding history in its setting".

But this is not a clear-cut victory for the traditional approach.

Professor Robert Skidelsky of Warwick University, the chairman of the traditionalist History Curriculum Association, welcomed these developments, along with the extra flexibility of subjects which can be studied. But he added that he felt concern about the testing scheme.

Mrs Carol White, history adviser for Humberside local education authority and a member of the working party which drew up the original curriculum, said she gathered the changes were only to titles, and not to substance.

Employers calm

Continued from Page 1

Defence which may be topped up to compensate for loss of earnings.

Pay bands range from £34.28 to £90.09 a day depending on rank. In addition, there are increments of up to 20 per cent or more in special cases for lost earnings.

Barclays said time spent with the military would also count for pension rights on condition that the employee returned to his or her job within an agreed period after completing full-time military service.

Benefits such as staff mortgages or subsidised loans would remain in place. However, any employees affected would be asked to check their position with regard to mortgage protection, health insurance and life policies.

London's Savoy Hotel, one of hundreds of companies and organisations listed in recent advertisements as having declared their support for the UK's volunteer reserve forces, said that none of its management was aware of any list but it did not mind being on it.

It was prepared to support the Territorial Army, it said. However, if employees were involved in the Gulf mobilisation, it would have to consider each case on its merits.

Glaxo, the international pharmaceutical group, said its policy was to co-operate fully with the reserve forces, by releasing reservists and holding their jobs open for as long as necessary.

"We try to make sure that the reservists' income is maintained while they are in training and called up for service," said Mr John Barr, a Glaxo official.

He said "a number of staff" at the company's US subsidiary had received call-up notices. It was too soon to say how many UK staff would be affected.

British Airways said last night it did not know whether or not any of its 50,000 employees had volunteered or been called up. It pointed out that, if they were, their jobs would be safeguarded by law.

THE LEX COLUMN

Home truths from the Halifax

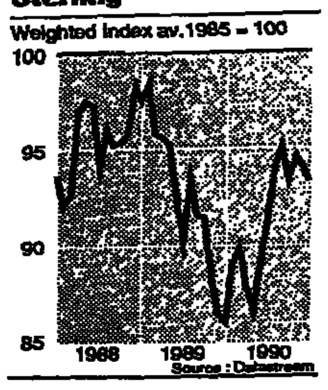
Strip away yesterday's soothing words from the Halifax about the UK housing market having bottomed out, and one senses that Britain's biggest building society is more than a little concerned that Mr Major and his new team may soon start tampering with mortgage interest rate relief. Why else would it would it devote more than half of its annual review of the UK housing market to the defence of one of the more inefficient subsidies around?

There is nothing new in Halifax's arguments. Inflation is steadily eroding the benefit of the relief so that the £30,000 ceiling should have been more than doubled just to keep pace with inflation since the last rise in 1983. Meanwhile, many other countries offer borrowers even more favourable tax relief. What has changed, however, is that with Mrs Thatcher's departure the building societies have lost a staunch ally.

Of course, it would be considered political suicide to abolish the tax relief ahead of an election, even though the £7bn saving would go a long way towards helping smooth the poll tax problems. Nevertheless, with a budget in the offing, it would be surprising if the Treasury was not re-examining this issue. If mortgage rates can be nudged lower, even the building societies may not complain too much.

FT-SE Index: 2,160.4 (–7.4)

Sterling



UK property

One of the most striking features of 1990 has been just how few highly-geared property developers have fallen by the wayside, in spite of the industry's £37bn hangover of bank debt. Companies which have failed have either been marginal players like Rush & Tompkins, a contractor which had strayed naively into property, or developers in fringe London locations or high-risk fields like retail parks. The market has yet to see an example of a significant developer with property in established locations collapse, though Sheraton Securities came close.

So much for the good news. The bad is that the property sector is simply not far through the bear phase of the cycle. Property yields demanded by investors have risen steeply since late 1989, to record highs of 7.4 per cent for shops, and 8.6 per cent for offices. But in large part that was simply a function of rising bond yields. For most market sectors, rents only began falling in the autumn. Hence the real pain, for property company balance sheets, will come in mid-1991, with forecasts that Land Securities's next annual valuation will show a 15 per cent drop in net asset value.

If so, the period of high risk of insolvencies is only just starting. The economics of banking mean there is little point in banks putting companies into receivership until asset values show some sign of recovery. Historically, too, the mid-1970s crisis suggests a long period of uncertainty. That property slump began in November 1973, when base rates rose to 13 per cent. It was not until March 1976 that Amalgamated Investments and Property, the period's largest casualty, went bust.

Germany

The German equity market has been one of the year's great disappointments. Ask a Frankfurt banker why, and he will find no difficulty in naming the culprits. The 30 per cent drop in the FAZ Index can be blamed partly upon Saddam Hussein and partly upon panicky foreign investors who have allowed fears about interest rates and the cost of German unification to get the better of them. The Frankfurt banker will not, by and large, concede that there is anything lacking in the structure of German business.

The weakness of German equities must have something to do, however, with the remarkable discrepancy between the buoyancy of Germany's economy, and the poor outlook for company earnings. The former is still growing at about 4 per cent for 1990, while the latter could on average actually fall a couple of percentage points. Partly, this is just an arithmetical blip, caused by the domination of the German stock market by the cyclical, export-led chemical and automotive stocks. It is also a phenomenon which should, in theory, reverse dramatically in the 1990s, thanks to the inflow of quasi-monopoly profits which companies such as Siemens and Allianz can expect in the East. But it is hard to escape the conclusion that if German companies wish to tap foreign investors for equity capital, then they have to make more money.

Barclays Bank

Barclays promises that after its recent European spending spree it is putting its cheque book away. It is not going to indulge its grand ambitions any further by bidding for Citicorp, for example. Indeed, it is at pains to prove that its latest prestige purchase – the Rothschild's old bank in Paris – is a bargain. The head office alone is worth almost FFr1.5bn; and if it can sell its own Paris office for FFr500m, then an exit multiple of 20 times current year's earnings does not sound so horrific. It has only itself to blame if it does not inherit a clean loan book and there is considerable room for cost savings which should boost return on capital to a respectable 20 per cent. It all sounds so plausible, but then so did previous adventures into investment banking.

Institutions

Yesterday's figures on UK institutional investment contain both good and bad news for the UK equity market. The amount of money flowing into the institutions recovered strongly, to £7.2bn, in the third quarter. In addition, there is an estimated £34bn of cash sitting on the sidelines – more than ever before – and brokers County NatWest WoodMac predict that 1991's inflows will rise by another £3bn to £29bn.

The less good news is that £5.2bn, or almost three quarters of the new cash, went into UK equities in the third quarter. Given the outperformance of the UK equity market this year, this seems sensible enough. According to County NatWest it means that UK institutions now have 48.2 per cent of their funds invested in UK equities, an unusually high level. The big unknown for 1991 is whether the institutions will take the UK's firm exchange rate policy seriously, or whether they will hedge their bets by rebuilding the overseas equity weighting in their portfolios.

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Weekend FT

SECTION II Weekend December 29/December 30 1990

The wild bear and the circus of Europe

The end of the Cold War has brought forces of history out of deep freeze, and with them dangers and opportunities. ***Denis Healey*** *looks back to the future*

THE ANNUS *mirabilis* is not ending as it began. After the liberation of Eastern Europe, the unification of Germany, and the end of the Cold War, we are faced with the prospect of a hot war in the Gulf, and a trade war between north America, western Europe,and the Pacific rim. Both superpowers are in decline. Recession grips the English-speaking economies, and is spreading to continental Europe. Only western Germany seems to be immune in spite of – or perhaps because of – the unique challenge it faces in digesting eastern Germany.

As output and employment fall, discontent is growing in all the new democracies of eastern Europe. The Soviet Union seems to be on the verge of economic collapse and political disintegration: Gorbachev has just imposed severe limits on the powers of his sullen parliament, where General Kryuchkov's neo-Stalinism must have made the Nobel Peace Committee wonder if it had made a terrible mistake.

In the Far East, however, China has reduced its inflation rate from 18 per cent to 3 per cent, has brought the growth of industrial production back to 6 per cent a year, and is able to distribute a bumper harvest; yet its leaders show no sign of restoring the degree of democracy which died in Tiananmen Square. Japan's economy seems as robust as ever, in spite of the troubles in its financial system and the inadequacies of its parliament. India and Pakistan are still close to a war in which nuclear weapons might be used.

This is certainly not "the end of history", as Francis Fukuyama, the Rand Corporation researcher, imagined in an article of stupefying fatuity on the end of the Cold War. On the contrary, history is back with a vengeance. All the historic forces which were frozen for 40 years during the Cold War are exploding with alarming violence, above all nationalism, revolution, and the age-old conflict between freedom and order.

For us in Europe, it is the revival of nationalism which is most disturbing. For 200 years nationalism has been the strongest force in world affairs – stronger than ideology or religion, by which it is often fuelled. Nationalism in eastern Europe is overthrowing the settlements made at Versailles as well as Yalta. It is breaking up the Soviet empire as it broke up the British and French empires, and the Tsarist, Ottoman, and Austro-Hungarian empires before them. It is fed, as so often in the past, by economic despair and revolutionary fervour.

Yet nationalism is more dangerous today. It has become impossible to draw a frontier round the people of one nationality without including a minority of another nationality which demands the same right of self-determination. The problems of the Balkans are familiar enough. Those of the Soviet Union are far worse, after 70 years under a regime which moved whole peoples hundreds of miles from their birthplace, 60m citizens of the Soviet Union now live in republics other than their own – half of them colonists from the Russian republic. The recent troubles have produced more internal migrants in the Soviet Union. Future troubles might sweep millions westwards into Europe.

The unique economic inter-dependence of the Soviet republics is another obstacle to their secession. Many Soviet key industries depend for their supplies of critical components on single factories in outlying republics which have no other possible market for their products.

Gorbachev cannot rely on the army to suppress his nationalist opponents. The army is divided between conservatives and liberals; it depends for its recruits on republics which want independence. The use of force to suppress revolt would produce a civil war more destructive than than in the US in 1860s. The US suffered greater casualties then than in all the wars which followed, including Vietnam, when its population was only one-seventh of what it is today.

Science has turned the world into a parish. Information technology has produced a global financial market, which decides the value of national currencies whatever national governments or central banks may wish. Industry is networked across national frontiers. Modern weapons ensure that a major war would blight neutral as well as belligerent states. Physics and chemistry have produced new global threats to the environment.

Conventional theories of politics and economics can offer little help in understanding the nature of this new world. However, we can learn something from history. The revolutions of 1789 in France and 1917 in Russia led inexorably to dictatorships because they destroyed so much of the existing institutional framework that the resulting anarchy produced the demand for order at any price. The ragged sans-culottes who raced through the streets of Paris in 1790 shouting *Liberté Egalité Fraternité*, found themselves ten years later lined up in uniform shouting "Vive l'Empereur!" On the other hand the European revolutions of 1848 all failed because they did not destroy enough. Perhaps there is a grain of hope here for the revolutions in eastern Europe. It may be for the best that they have left so much of the old apparatus in place without allowing it to dominate, except in Romania and Bulgaria. The prognosis for the Soviet Union is gloomier. Yet in spite of this week's events, it is still possible that Gorbachev will succeed in teaching the bear new tricks.

One of the most powerful forces behind the revolutions in the ex-Communist world is the hunger for Western living standards. In Moscow there are longer queues outside McDonald's than outside Lenin's tomb. Inevitably, the first reaction to the failure of Communism was to see the opposite extreme of an uncontrolled free market as utopia. Millions of east Europeans turned to Thatcherism in the late 80s as in the late 30s millions of west Europeans turned to Stalinism after the Great Slump had produced Hitler. In both cases they cried: "I have seen the future and it works" without bothering to look at the present. And in both cases their illusion were fed by intellectuals who had no personal experience of political responsibility or economic management.

We must turn to history again to understand the problems facing the ex-Communist countries in seeking to catch up with the west. For most, the magnitude of the changes required is far greater than was needed to produce the recovery of West Germany and Japan after 1945, or of South Korea in the 50s and 60s. In those cases the US was able to provide assistance at a level it is neither willing nor able to give today.

We will find more useful analogies in the transition from feudalism to market capitalism which started in Japan under the Meiji Restoration and in Russia under Tsar Alexander II. In both cases it took 50 years to produce significant results. In Russia the process faltered and finally collapsed in the Bolshevik revolution, after first Stolypin and then Kerensky decided that it was more important to restore order than to continue reform. When I was in Moscow before Christmas I found Gorbachev widely compared with both.

History never repeats itself exactly. There are two unique factors in the present situation – the existence of the European Community, and the absorption of East Germany into the EC. Germany has the only government which seems capable of understanding the opportunities and dangers created for Europe by the end of the Cold War. Its foreign minister, Hans Dietrich Genscher, did not leave East Germany until 1956. He was the first to argue that Gorbachev should be taken at his word, and after years at the centre of East-West negotiations, he is the longest-serving foreign minister in world affairs.

The successful transition of East Germany to a social-market economy is now assured, thanks to the provision of massive financial and technical assistance by Bonn. It will be expensive for both sides. Bonn will have to provide some DM100bn a year for ten years, and in eastern Germany unemployment will probably reach one third by next winter. But the social cost of the transition will be cushioned. Bonn is extending social benefits to eastern Germans. The process will be complete by the year 2000, and a united Germany will then have by far the strongest economy in Europe – a third of EC Gross Domestic Product and its largest population.

A united Germany is already providing not only a model for eastern Europe, but also a base for western financial and business activity in the east. Germany is responsible for 59 per cent of the acquisition in the ex-Communist countries, and 38 per cent of the joint ventures, as against 3 per cent and 14 per cent for the US. Politically united Germany is bound, as in the past, to look east as much as west. It will find itself at home in Moscow as well as Washington. The great grandfather of Count Otto Lambsdorff, leader of the German liberal party, was a foreign minister under Tsar Nicholas II. Catherine the Great was German. In 1812 Prussia decided to join Russia in resisting Napoleon. When the convention was signed at Tauroggen it was a German general who signed for each country, and the ceremony was watched by a young man in the uniform of a Russian staff officer, Carl von Clausewitz. Since Britain took its own royal family from Hanover, we should not find all this too alarming. On the contrary, it should be reassuring.

The Germans are at present the least nationalistic people in Europe. The generosity they have recently shown the Soviet people has already won them friends where it matters most to the West. The Germans want to base their foreign policy on the EC. They also want to see the EC expand eastwards. It is going to expand northwards in any case. Since neutrality has no meaning when there are no blocs to be neutral between, Sweden, Norway and Finland, along with Austria and perhaps Switzerland, are likely to become members by 1995; all at least as well qualified as some of the existing members in the Mediterranean. Poland, Czechoslovakia and Hungary seem unwilling to work closely with one another. Yet they all see their future as part of the EC, and would like to be associate members by 1995 and full members by the end of the century.

It would be a cruel and dangerous folly to stand in the way of such enlargement. Membership of the EC offers eastern Europe by far its best chance of success, and eastern Europes' success is vital to western Europe. A community of some 20 members would provide a more comfortable framework for a united Germany. It need not prevent a further deepening of the EC; this is going to be slower than Jacques Delors, the EC president, would wish. Indeed Delors is beginning to sound as out of date as his late antagonist across the Channel.

Eastern and Western Europe have shared a common culture for 1,000 years. We now have the first chance in history to create a Europe united politically and economically from Brest to Brest, (one in Brittany, the other on the Soviet Polish border), Brittany to Byelorussia. Such a Europe is unlikely to develop a defence identity quickly. It would be better to use NATO's declining years to co-operate with the Soviet Union, or what is left of it, in developing the CSCE (committee for security and cooperation in Europe) into a new security framework stretching from Vancouver to Vladivostock. Since Washington and Moscow have agreed to cooperate in developing a system for security and stability in the Middle East, they have everything to gain by attempting the same for Europe.

This vision may be too inchoate to satisfy the utopians of European federation. But the difficulties of the US federation as well as the break-up of the USSR, should be a warning to those who see this structure as a model for Europe. In the new global environment there is much to be said for an untidy proliferation of overlapping organisations rather than the creation of regional blocs which can assert their identity only by discrimination against others. The deadlock in the General Agreement on Trade and Tariff talks has much to teach us, I hope it does not require also an unnecessary war in the Gulf to remind us that the pursuit of principles without priorities can be as catastrophic as the pursuit of expediency without principles.

Turning points and burning issues

The Long View

BARRY RILEY

Dramatic swings in the financial flows within the British economy promise tricky problems of timing but also considerable opportunities for investors in the coming year

RECESSION YEARS traditionally bring rich pickings in the stock market: in the UK this was spectacularly true of 1975, when the All-Share Index rocketed up by 136 per cent while national income was falling by 2.4 per cent for the year. And since the current recession is in several important respects more akin to that of the mid-1970s than to the industrial shakeout of the early 1980s (which the equity market almost ignored) we can survey the prospects for 1991 with some basis for optimism.

History is always a dangerous guide, however. The 1975 upsurge reflected a recovery from a period of what almost amounted to financial panic. The All-Share Index fell in real terms by 80 per cent between May 1972 and January 1975. During the past 3 years, since the July 1987 peak, it has fallen by a more modest 35 per cent in real terms. In fact, it is worth remembering that the recently more buoyant FT-SE 100 Index, which excludes the distressed smaller capitalisation stocks, hit its all-time high in nominal terms only twelve months ago, and has weakened by just 12 per cent since then.

The British stock market as a whole has been let off lightly. One important reason is that the financial agonies now afflicting much of the economy have passed by the long-term bond market, because the Government has been in financial surplus. Although it is no longer buying in its own gilt-edged securities we have not yet reached a position of aggressive issuing of new gilts (remember that the Consols yield hit 17 per cent in 1974). But the Government will need to raise a modest amount of money in 1991.

Another reason for the resistance of the blue chips is that the leading companies are much more international in their operations than they were 15 years ago, and moreover the absence of foreign exchange controls nowadays means that the national equity markets in blue chips stay more or less in line. But small company stocks are another matter: they have indeed been savaged by a major bear market, so that the Hoare Govett Smaller Companies Index has collapsed by 39 per cent since its 1987 high (a drop of 52 per cent in real terms). That is where the potential bargains are.

In fact the long-term capital markets in 1990 have shown many of the characteristics of a phoney war. The battle has been fought elsewhere, mainly among the banks where the agony is very real, and in the mortgage market where young home buyers have been savagely squeezed. Money has piled up in the financial institutions, currently to the extent of maybe £35bn which is earning a comfortable 14 per cent.

But the financial flows in the economy are now swinging round aggressively: that is what a deep recession is all about. The banks will no longer be willing or able to shore up the over-indebted sectors, creating something of a credit crunch. So industry will need to raise a large volume of new permanent capital, and will not be in a position to be too squeamish about the terms on which it does so. Then there is the distressed property sector, where nearly £40bn of bank debt will in due course need to be refinanced (or written off). At the same time the Government will be coming along for a few £bn on its own account.

The precise way in which all this happens, and the terms on which the investment institutions reinvest their liquidity, will determine the course of share prices during 1991. Various background ingredients need to be thrown into the pot. There is the immediate crisis over sterling interest rates, with the Government unable to lower the price of money because the foreign exchange markets fear a devaluation. It may be that falling inflation and a recession-induced reduction in the trade deficit will lead to a turnround in sentiment quite soon. But the Government chose pain (somebody else's, it hoped) by entering the exchange rate mechanism at a very ambitious rate.

Whatever happens, we are going to have to get used to interest rate volatility during 1991; the trend will be down, but not without reversals. There was only one short-term interest rate change in 1989 and one in 1990 as the exchange rate took part of the strain. But we threw all that away by entering the ERM.

There is the Gulf war threat, which could lead to a crunch early in the New Year. But the "buy on the bombs" debate could be rendered irrelevant if cunning tactics by Saddam Hussein turn the Gulf crisis into a long-term problem of Middle Eastern instability rather than a five-day war. Still, the political and financial risks are bound to be high in several areas in 1991, such as in Eastern Europe and in the US banking system.

Finally there is our own delicate political situation in the UK. The economic backdrop seems certain to be desperately unfavourable for any dash to the electorate during this coming year, and John Major's 1992 option may need to be exercised. But opinion pollsters are bound to be overworked.

So 1991 could prove much more volatile for the stock market than 1990 has been (with the Footsie staying within 11 per cent either side of a central 2230). Falling interest rates are what drive equity markets upwards more than anything else, and on that basis I expect the indices to be somewhat higher in a year's time.

But a lot of dreadful company news is going to emerge, and earnings and dividend expectations are declining all the while. So specific risk will be high and there could yet be a general crisis of confidence in the first half of the year.

Twelve months ago I forecast that 1990 might be dull in the equity market. I am now inclined to think that 1991 might prove to be quite exciting, though not always in ways which investors will enjoy: it will be no 1975.

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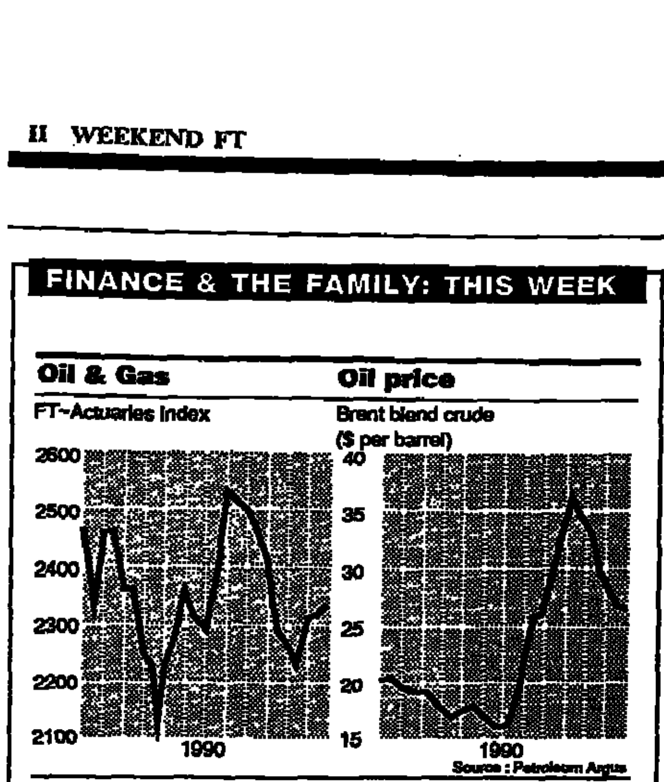
MARKETS

FINANCE & THE FAMILY: THIS WEEK

Oil & Gas FT-Actuaries Index

Oil price Brent blend crude ($ per barrel)



A volatile year for the oil companies

Oil companies make bigger margins when the crude price is high, but the extra cost of petrochemicals and fuel only add to the problems of the manufacturing industry, the oil companies' customers. So while Iraq's invasion of Kuwait sent crude past $35 a barrel, it also cut growth, prompted the reactivation of energy saving programmes and turned drilling engineers' thoughts towards previously uneconomic oil reserves.

Falling demand and rising production promise a drop in oil prices in 1991 and the sector's shares were unable to resist the downward pressure. They ended the year lower than at its start, although they did outperform the rest of the market by about 10 per cent. *Daniel Green*

Qualifying trusts and Peps

Anyone who is interested in putting their investment trust shares into a Personal Equity Plan (Pep) in order to receive the profits free of Capital Gains Tax and income tax should remember that they cannot mix qualifying and non-qualifying trusts.

As pointed out in Finance & the Family last weekend, you can put up to £3,000 worth of qualifying investment trust shares into a Pep. Qualifying trusts have at least 50 per cent of their assets invested in the UK. Some Pep managers will allow you to put more than one qualifying investment trust into the same Pep.

However, you cannot mix a qualifying investment trust with a non-qualifying trust (in other words, one which has less than 50 per cent of its assets in the UK) in the same Pep. If you want to buy shares in a non-qualifying trust, you can only put £900 worth into a Pep. You may, however, top up with other shares until you reach the £6,000 limit. *Sara Webb*

Best bond buys

If you are considering investing in a guaranteed income bond, Chase de Vere Investments has compiled a list of the best offers for this week.

Over one year, Hambro Guardian is paying 10.40 per cent on a minimum of £5,000, while over two, three and four years, General Portfolio is paying 9.75 per cent on sums of £1,000. The best five-year rate is 10 per cent on sums of £5,000, paid by Consolidated Life. *S W*

Midland raises rates

Midland Bank is raising the interest rates on its High Interest Cheque Account. The rate on balances of £2,000 or more increases from 11 per cent to 11.25 per cent gross, and on balances of £50,000 or more it will increase from 12 per cent to 12.25 per cent. *S W*

New year, new job

The New Year is often the time when people think about changing jobs. KPMG Peat.Marwick Management Consultants has produced a brochure of vital questions you should ask your prospective employer including the following: how does the pension scheme operate; is there a graded salary structure; how often are pay increases awarded; does the company operate any performance based pay scheme; is private medical insurance provided; are any other types of insurance such as life assurance provided; is there any form of permanent health insurance; what are the arrangements if one dies in service; is a company car provided; does the company provide any form of mortgage or loans subsidy; does the company pay regional or London allowances, or overtime?

Further details available from KPMG Peat Marwick Human Resources Consultants, tel 071-236-8000. *S W*

INSIDE . . .

Tessas poised for take-off

TESSAS, or Tax-Exempt Special Savings Accounts, take off on January 1. **Sara Webb** looks at the latest plans on offer. Plus **Heather Farmborough** reveals – over lunch – what the life of an investment fund manager is *really* like. **Page IV**

Minding Your Own Business

What has happened to the nearly 250 small business that have been highlighted on this page since it began two years ago? **Roy Hodson** revisits some of those that have featured and discovers how they have been dealing with the atmosphere of recession. **Page V**

Briefcase: Excluding the in-laws: **Page IV**

LONDON

Optimists search for seasonal cheer

WHILE ECONOMISTS have been spoiling everyone's Christmas by pointing to the downward trends for 1991, equity analysts are reinventing optimism by marking the year out for recovery.

Even the more conservative forecasts for the FT-SE 100 Index's performance in 1991 show an 11 per cent rise to 2400 from yesterday's close of 2160.4. The optimistic end of the range is 2,600, or even a little more, giving an annual increase of 20 per cent.

Yet the main reason for this particular bit of seasonal cheer is a cold one: the UK market is already regarded as cheap after putting in its worst performance for 16 years in 1990, which has seen an 11 per cent fall. Phrases such as "priced for recession" and "optimism is bombed out" trip off the analysts' tongues.

At a technical level, they point out that the ratio between the yield on fixed interest and the yield from equities has narrowed to 2, compared with a five-year average of about 2.5, again making UK equities look cheap.

But, as any one attending the post-Christmas sales will know, "cheap" does not necessarily equal "bargain". For the market to show an improvement during 1991, the argument is that the bad news that is still rolling in has largely been discounted, and that hopeful signs are already appearing.

In any case, the expected fillip later this year relates to resumed growth in 1992, still making it a long haul for struggling companies. And when the recovery comes, it is not expected to be spectacular, especially as the common view is that ERM discipline will firmly limit the scope for a pre-election boomlet.

Most of the 1991 predictions carry health warnings about the Gulf and consequent shake-ups in the oil price. John Reynolds, of County NatWest, says: "Even with hostilities, the Footsie is unlikely to fall much below its recent low point of around 2000."

According to Mark Howdle, of JP Morgan, the market's valuation is already so modest that he would be surprised to see a loss of more than 150 points, "come what may".

The Gulf crisis is, in any case, only one of the reasons for suggesting the spring or early summer as the starting point for the predicted recovery. Between now and then, more bad news is expected from the home front in the form of falling profits and other corporate ills.

With the UK recession about to enter its third quarter, a common prediction is that it will bottom out between next March and June, with earnings per share falling by 5 per cent on an annualised basis.

The average rate of economic growth forecast for the whole year by 26 institutions was recently revised down to 0.3 per cent, compared with 0.7 per cent in November.

Signs of corporate pain include a 3 per cent decline in manufacturing investment in the past year, with a big step down during the summer. A further fall of 7 per cent is forecast for next year.

Unemployment is rising – the November increase was 57,600. On a micro level, as an increasing number of companies announce falls in pre-tax profit, a common way for their chief executives to illustrate financial rigour is to mention job cuts of, say, 10 per cent across the board.

George Hodgson, of S G Warburg Securities, says that when companies announce results in the spring for the year, or half year, to December, the most telling comments are likely to be on the trading outlook, particularly from those in the capital goods sector.

Until the length and depth of both the Gulf crisis and the UK recession become more clear, the main buying criteria would be defensive qualities, with the utilities as the most obvious choices.

From the early summer, however, more positive signs in the UK economy are expected to draw investors into recovery stocks, such as those in the building materials sector. Indeed, three of the main factors affecting this sector have already started to move in the right direction.

Interest rates, which have hit companies both through debt repayments and their customers' diminished buying power, started to come down on the day of ERM entry, after 12 months of bank base rates at 15 per cent.

Although sterling's weakness is hindering further falls, a gradual decline is assumed. Hodgson expects base rates of 12 per cent by the late summer, Mr Richard Kerlsey, of BZW, is reckoning on 10 per cent by the end of the year.

The annual rate of inflation is thought to have peaked in October at 10.9 per cent and is expected to fall to 5.1 per cent by the end of the year. And the third plus point that is envisaged is a continued reduction in the trade deficit.

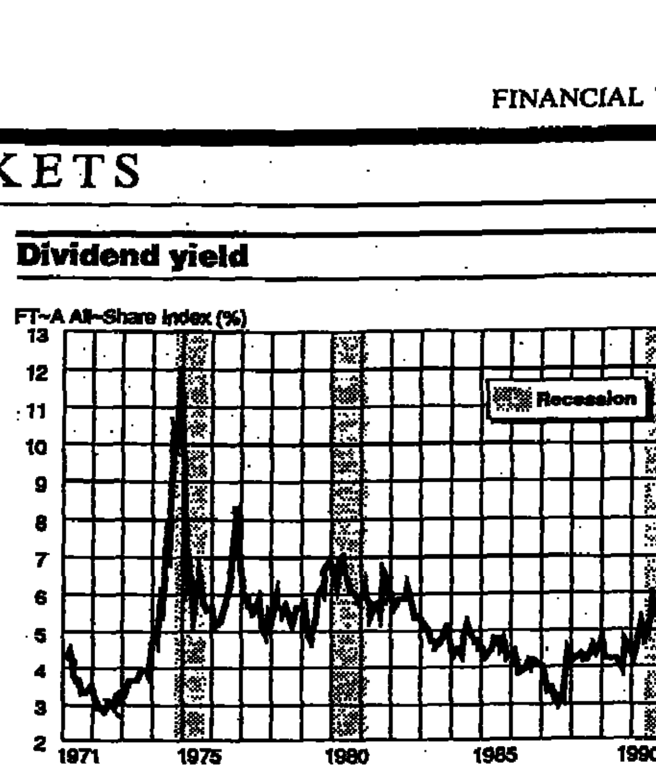
Yet the picture is hardly one of a rapid recovery. With GDP growth virtually flat for the year as a whole and only belated interest rate relief, more company failures are expected. To identify those companies that will not only survive but benefit fairly quickly from improved conditions will require stringent analysis.

A typical checklist consists of these points: interest rate sensitivity; strong cash management and cash-flow visibility, and fundamental value in the form of solid profit performance.

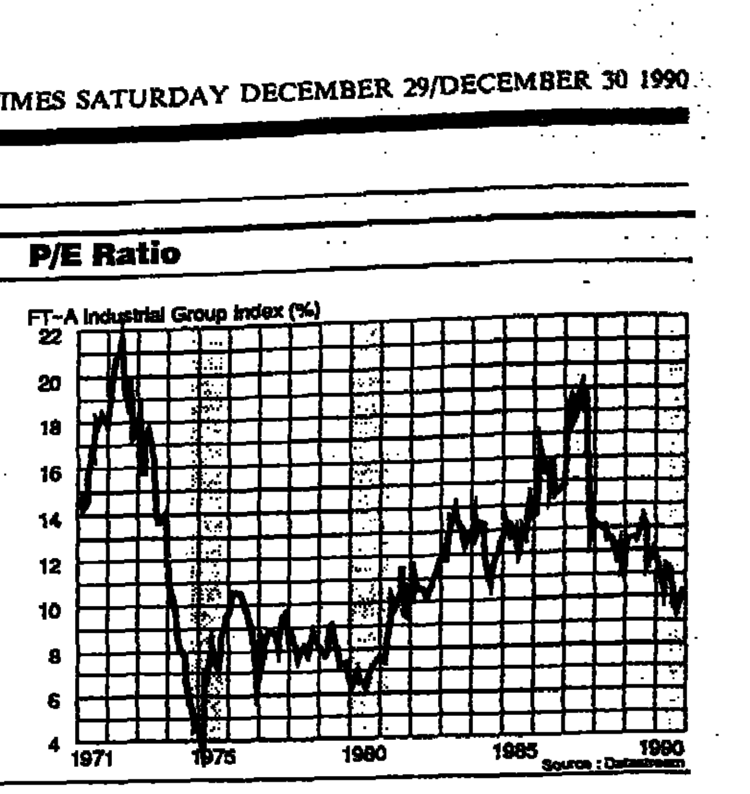
For those that do see their share price revive, Mr Hodgson points out that the opportunity may be taken to strengthen balance sheets via rights issues.

Jane Fuller

Dividend yield



P/E Ratio



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2160.4	-4.0	2463.7	1990.2	Uncertainties over Gulf, Soviet Union
Acatos & Hutcheson	100	+10	163	85	Directors' share buying
De La Rue	311	+7	313	207	New Year investment recommend'n
ECC	351	+5	481	273	Amended Georgia Kaolin deal
Foseco	301	+16	314	161	Burmah Castrol wins control
Grand Met	677	+6	681	514	End-year portfolio buying
Mersey Docks	170	-15	213	133	Peel Holdings sells 10.82% stake
Poddington	6	-71†	83	6	Heavier first-half loss
Reuters	700	+31	1318	557½	Globex letter of intent signed
Smith (WH) A	383	+10	401	282	Winter sales help stores
South Wales Elec	170½	+6½	174	159	Defensive/bid speculation
Speyhawk	77	-22	358	74	Revived concern over high debt
WPP Group	61	+11	715	42	Recovery after sharp fall
Water Package Uts	£2670	+82	£2703	£2058	Defensive qualities

† Based on suspension price.

WALL STREET

The bang and the whimper

IT WAS curiously appropriate that Wall Street's last week of trading in 1990 should have been interrupted by an explosion. It has been that sort of year.

The collapse in February of Drexel Burnham Lambert, the investment bank, closed the "junk bond" chapter and symbolised an ending of Eighties-style excess. Iraq's invasion of Kuwait, coupled with the subsequent surge in oil prices, spiked the summer stock market surge. Waves of retrenchment flowed through the commercial banking sector and contributed to a virtual shut-down of the takeover business.

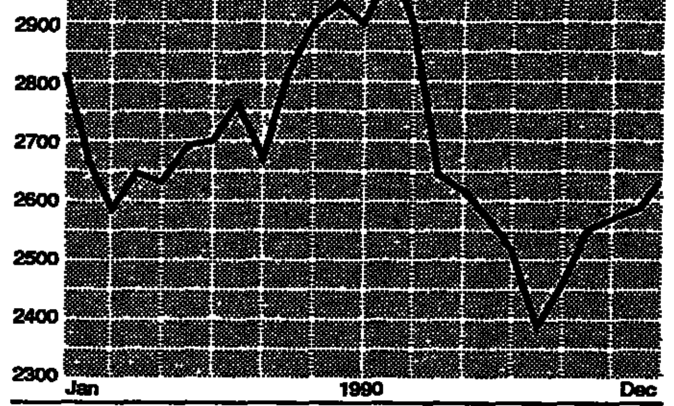
But, for all the sparks, the motive force behind the US stock market has been an economic one. Throughout the year, investors have worried about the extent to which recession would take hold in US, and what ameliorating moves the authorities may be free to make, given background inflationary pressures.

For the first six months, the mood was broadly optimistic, centred on a belief that the downturn should be short and not too painful.

This scenario, admittedly, implied some deft management by the authorities. Such cheery sentiment was undoubtedly helped by rather flimsy evidence that the takeover binge had not ended. If junk bond financing was a thing of the past, thought traders, there were still wealthy foreign buyers keen to gobble US corporate assets and add a little froth to the market.

Nevertheless, this was enough to push the Dow Jones Industrial Average up by more than 400 points from its February low, to within a whisker of the 3,000-mark by mid-July.

Dow Jones Industrial Averages



From mid-summer onwards, the mood darkened. One reason for the change was self-evident; as oil prices spiralled in the wake of the Middle East crisis, inflationary pressures seemed bound to intensify. Interest rates also became a counter in political battle over the US budget deficit; a "meaningful" package of cuts, it was promised, would be rewarded by an easing in rates. So the market held it breath as the politicians haggled.

But there were other, more subtle factors at work, too. Throughout the autumn, there has been no escaping the indebted condition of the corporate sector. Even a modest recession, it appears, will have serious consequences for many US companies, given an array of overstretched balance sheets. Filings for bankruptcy court protection have become a daily occurance.

The equally sorry state of the banking sector, meanwhile, has contributed to a sharp drop in bid activity. This is basically a financing problem. First, no junk bonds. Now, relatively little bank funding, either.

So it is hardly surprising that the eventual downturn in interest rates should have had a relatively muted effect on share prices. The Dow Jones Industrial Average clattered back by more than 600 points from that July high, to as little as 2,365 in early October. It has since recouped only one-third of that loss.

As for the year's final week of trading, that concluded in fittingly sombre, if uncertain, style. War worries plagued dealers throughout the four trading sessions, pushing the markets lower on Monday and then providing a more seasonal uplift on Wednesday as reports that Iraq and the US were preparing for talks filtered through.

Come Thursday morning, dealers were spared any agonies at all. An overnight explosion at a Lower Manhattan transformer meant that trading failed to start until 11am. When it did, business was lacklustre, and the market promptly erased much of Wednesday's gain.

Then, as the trading year edged to an end, the snows descended. With Wall Street carpeted in white for the first time this winter and traffic into Manhattan disrupted, trading ground to a virtual halt. The Dow Jones Industrial Average had managed to shed another four points by lunchtime, but the interest was as muffled as noises outside.

And that, perhaps, was the kindest possible end to an unkind year.

Monday	2621.29	– 12.87
Tuesday	Closed	
Wednesday	2637.13	+ 15.84
Thursday	2625.50	– 11.63

Nikki Tait

SMALLER COMPANIES

Disruption and despondency

IT WAS, quite simply, the worst of times. The mighty may have fallen far further in the crash of 1987, but for followers of smaller companies, 1990 was a depressingly low point.

In the world at large, of course, the times were certainly interesting. There was an abnormal number of disruptions both physical and political; earthquakes and gales, riots and resignations. Saddam invaded Kuwait, the honeymoon of freedom in eastern Europe faded fast, and Thatcherism came to an end.

At the more humble scale of the lower end of the stock market the mood was equally despondent. Smaller companies overseas have always had a chequered record. But in Britain, the sector has consistently outperformed. Now, after a second year of disappointing returns, many practitioners are losing their confidence.

Nadir, with a small "n" was a much-used word in 1990 to describe performance in general, but it also surfaced as a proper noun, referring to the ex-chairman of Polly Peck International.

Many large companies found themselves unexpectedly reclassified as "small" by the year end, as falling share prices reduced their market values abruptly. Chairmen braced themselves for a season of embarrassed explanations for the red figures splashed across their profit and loss accounts.

The demoralising statistics are widely known. The Datastream USM Index yesterday showed a decline of 31 per cent from its opening value at the same time last year. The FT-All Share index also fell over the same period, but only by 13 per cent.

That same trend extended well beyond the unlisted securities market. The Hoare Govett/London Business School smaller companies index (HGSC), for example, which analyses the lowest 10 per cent of the main market by capitalisation, shows a decline of 23 per cent during 1990.

The extended HGSC index, including USM and Third Market stocks, stands at 1,000.3, the level at which it began in December 1986. "It has come back to base," says Richard Hickinbotham from Hoare Govett. "Overall, it has been a pretty awful year; the only one since 1966 when smaller companies have underperformed in a bear market."

Compared with the FT-All Share, the HGSC has only ever underperformed in nine of the years since measurements began in 1955.

But underperformance has not been the only recent cause for lament. Investors and market makers alike have suffered from severe illiquidity in smaller company shares. Trading has been so thin and unpredictable that small transactions have caused large shifts in share prices.

Spreads have widened, and unfortunate shareholders have found themselves unable to sell. Research coverage of shares has also declined with the demise of specialist houses such as Laurence Prust and Stock Beech.

On Monday, the Third Market reaches its ignominious end after a lacklustre three years. Any companies which have not transferred to the USM or a listing will revert to matched bargain trading.

In February, the Stock Exchange announced reforms to entry requirements for the main market which it said were required by EC directives. It cut the trading record required from five years to three, and for the USM from three years to two.

Many believe the changes marked the death knell for the USM. There are even rumours that *USM Magazine*, champion of the "club", is changing its name in February.

Impatient for the results of a review of trading in smaller company shares by the exchange, Winterflood Securities, a market maker specialising in smaller company shares, took the initiative. In September it told all companies for which it was the sole market maker that it would begin charging a fee to continue to make prices for them.

It repaid the money in November following the launch of the promised reforms, which ensured that all quoted smaller companies would have at least two market makers. "Higher visibility will lead to high volatility", warns Hickinbotham. Like many, he is sceptical of the effect of the changes.

Nevertheless, in the longer term, he expects smaller companies to resume their traditional outperformance, based on higher earnings growth. "It would be the end of the corporate sector otherwise," he says. "There would be no replenishment of the more successful companies."

Looking forward to next year, the prospect of a recovery in UK demand and a reduction in interest rates is likely to benefit smaller companies disproportionately. "I still think there is more bad news to come," warns Penny Freer, head of smaller companies research with County NatWest.

She believes it may be the end of 1991 before optimistic chairmen's statements are translated into better results. Even then, any return to outperformance "will be at a more modest 5 per cent on average, not back to the abnormal years of 1986 to 1988".

Andrew Jack

A taxing quiz for the New Year

TEST YOUR financial knowledge with the Finance & the Family New Year quiz. Alas, there are no prizes for correct answers, which will be published next week, so please do not send in your entries. It is for fun only!

Part A

1. Which peer failed to take power?
2. Who saw nothing shocking in mixing electricity and water?
3. Which company asked for a further £2.6bn to pour into a hole in the ground, and got it?
4. Who claimed he had an undervalued rump?
5. Which buccaneering company chief repelled boarders by selling them the ship?
6. Who claimed to have achieved the unbundling without buying the bundle?
7. Which British company fought off its third hostile bid in three years?
8. According to the Stock Exchange, which member of the Spurs team was offside?
9. Whose made-to-measure retirement package was described as "a pretty fancy pension by anybody's standards"?
10. Which Westminster schoolboy opened an account with Coutts, and has now run up a £50m overdraft just to keep a part of his public life private?
11. Who did Sir David Plaistow prevent from driving Rolls-Royce out of the family stable?
12. Which former fund manager took over as chief executive of the Pru in April?
13. Who takes over as chief executive of BTR in January?
14. How many of the 10 big companies whose shares have performed the worst since the October 1987 crash (but are still trading) have since made top-level management changes?
15. Which dry cleaner returned one of the deputy chairman's suits to him minus some buttons during an off-the-cuff programme of market research?
16. Which country's foreign assets would more than pay off Iraq's non-Arab country debt?
17. Which video group had A Year to Forget?
18. Which computer group caused John Gunn's dreams to go up in smoke?
19. Where was the order putting British & Commonwealth into administration signed?
20. Which US sandpaper maker did BTR fail to buy for $1.64bn?
21. Which three venerable British food brands did Smithkline Beecham sell to US-based CPC International for £157m?
22. Which upmarket UK clothes shop fell to the Japanese?
23. Which company reached its nadir this year?
24. Which businessman swapped trees for gold?
25. What was the FT-SE trading at when the year began?
26. Which company found itself on the junk heap?

Part 2 - CHRISTMAS QUIZ FOR EXPATRIATES

Donald Elkin of Wilfred T. Fry Limited invites you to test your financial awareness and see whether you need a financial adviser!

1. It is well known that UK tax residence results from visits amounting to six months or more in any tax year. Short of taking up permanent or prolonged residence in Britain, how else can this result come about?
2. In what circumstances will the Inland Revenue give a ruling on your domicile?
3. Even before Norman Lamont's first Budget, we already know that one tax will be abolished with effect from 6th April 1991. Which is it?
4. You are told by a friend that since British bank and building society interest can be paid to you gross when you are not ordinarily resident in the UK, there is no point in having bank accounts offshore. Is he right?
5. You are somewhat taken aback when the agent who lets your UK home retains, without permission, part of your rent on account of Income Tax due on 1st January next. He insists that he is entitled to do this. Is he?
6. The following groups have something in common. What is it?
(a) Citizens of the UK, Commonwealth and Eire,
(b) residents of the Channel Islands and Isle of Man,
(c) current and former Crown Servants and their widows.
7. These tax reliefs are obtained by deduction at the time of payment. Which, if any, can be claimed by expatriates?
(a) pre-March 14 1984 life assurance premiums,
(b) MIRAS,
(c) medical insurance premiums for the over 60s.
8. What is a "bed and breakfast" transaction?
9. Shortly after resuming UK residence, you sell for $9,500, shares which you acquired in 1984 for $10,000. You duly claim the CGT loss in your next Income Tax Return and are amazed when the Inspector of Taxes claims that you have, in fact, made a gain. Can he possibly be right?
10. A husband is domiciled in the UK but his wife is not. They jointly own a property in England which, on the death of one, will vest wholly in the survivor. Will Inheritance Tax be payable on the value passing:-
(a) if the wife dies first, or
(b) if the husband dies first?
11. The Inland Revenue has recently caused a stir as to the application of the tax laws to offshore Personal Portfolio Bonds. Why?
12. The Financial Times indices are commonly used as a measure of UK share price performance. To which indices might you refer in relation to the ordinary shares of:-
(a) USA
(b) Japan
(c) Hong Kong
(d) Germany?
13. For many investments two prices are quoted:-
(a) the higher at which you can buy; and
(b) the lower at which you can sell. What are the names given to these prices?
14. Of the major UK banks, only the National Westminster Bank, and of the top 10 building societies, only the Bradford & Bingley, qualify for this status under the Financial Services Act. What is it?
15. Commentators on the Financial Services Act are prone to talk in acronyms. What do the following mean?
(a) SRO
(b) FIMBRA
(c) RPB
(d) SIB
(e) LAUTRO
(f) IMRO
16. You are married with two young children. Your estate is valued at £575,000 plus chattels of £40,000. There is no need to make a will because, in the event of your death everything will pass to your wife which is, in any case, what you want. True or false?
17. Offshore trusts have been getting a rather bad press just recently. If in preparation for taking up residence in the UK and on the basis of the law as it now stands, you transfer non-UK assets to an offshore discretionary trust while you are neither resident nor ordinarily resident there, what are the Inheritance Tax results if at that time you are:-
(a) not domiciled in the UK
(b) domiciled in the UK?

■ *Donald Elkin is a Director of Wilfred T. Fry Limited of Worthing, West Sussex.*

FINANCE & THE FAMILY

Barry Riley and **Martin Dickson** peer into a potentially troubled 1991 to predict the investment prospects in the UK and on Wall Street

Expect the unexpected

WAR, RECESSION, high interest rates: the prospects do not seem to be very enticing as we enter 1991. But the investor has to understand that markets look ahead as far as they can see, and it is not the expected that he needs to be afraid of – only the unexpected.

When I wrote bearishly in this space a year ago, I was concerned that the stock market was not taking the risks of recession and inflation seriously enough. Now we are awash in gloom, but my main reason for continuing caution is that share prices have not fallen as far in 1990 as might reasonably have been expected.

However, what may well be the most important factor for the British private investor is not one of the three I have mentioned. It is that the UK is now a full member of the European Monetary System. Yet there are some doubts about whether the UK will be able to sustain its present exchange rate against the European currencies.

Past monetary misconduct has had the effect that the savings portfolios of British investors are skewed in rather a peculiar way by international yardsticks. Thus, to begin with, they are heavily invested in high interest building society and bank accounts. These are notionally of a short-term nature, but in fact people keep money in them for years. In order that investors should continue to hold money in these accounts, and not spend it, the government is being forced to keep interest rates very high. The same applies to "hot money" maintained in sterling accounts by foreigners. In effect, we are getting a long-term interest rate on short-term assets.

The other important kind of financial asset is related to the stock market, and is either a direct investment in equities or, more likely, in unit trusts, investment trusts, or even with profits life insurance policies, all of which are wholly or largely invested in equities. Historically, equities have provided good income and capital growth in comparison with inflation (although share prices have lagged in the past year or two).

In focusing on financial assets, I am ignoring the British population's £1,000bn investment in housing, except to say that house prices have also provided protection against inflation over the years, but that borrowing at high interest rates to buy houses has proved to be a mug's game.

The category of saving that has lost out in these historical conditions has been the fixed income security – whether direct investment in government securities or indirect investment through bond funds. Bond-based unit trusts have been among the top performers over the past year, because equity-based funds have had such a difficult time. But over the long run, sterling bonds have performed fairly dismally (although the government has marketed an index-linked variation which has proved much more attractive, especially to investors liable to the higher rate of income tax).

The reason why fixed income bonds have performed badly over the years is simple. British governments over the past 25 years have tended to allow the currency to fall, sometimes because of sterling crises, sometimes (as in 1986) in pursuit of economic growth. These policies have boosted company profits and have therefore been good for the stock market. But they have also led to inflation, which amounts to something approximating to theft from anybody holding investments fixed in money terms, but offers gains to those owning shares or houses.

We now face a familiar sterling crunch but in unfamiliar circumstances. The government claims to have locked away its devaluation option by taking full EMS membership. It follows that companies could face a merciless squeeze. Also, if the pound's exchange rate is firmly fixed at DM2.95 plus or minus a few pfennigs, holders of sterling-denominated investments cannot for long suffer greater inflation than is experienced in Germany (currently less than 3 per cent).

For the moment the saver's soft option is still to remain in a building society account, but as the recession deepens that is unlikely to remain true throughout 1991. Eventually interest rates will fall quite sharply. Traditionally that would have been the signal to buy shares or unit trusts. But if profits and dividends are under severe pressure that may not pay off very well.

Of course, we do not know whether we can trust this government. If we buy sterling bonds we could be badly let down if this government, or its successor after a general election, should decide that devaluation is possible and desirable after all. We are not yet in monetary union with the rest of the European Community.

Possibly the lowest risk course of action is to buy continental bond funds, especially those invested in D-Mark bonds. The interest rate is only slightly lower, and there is a built-in devaluation hedge.

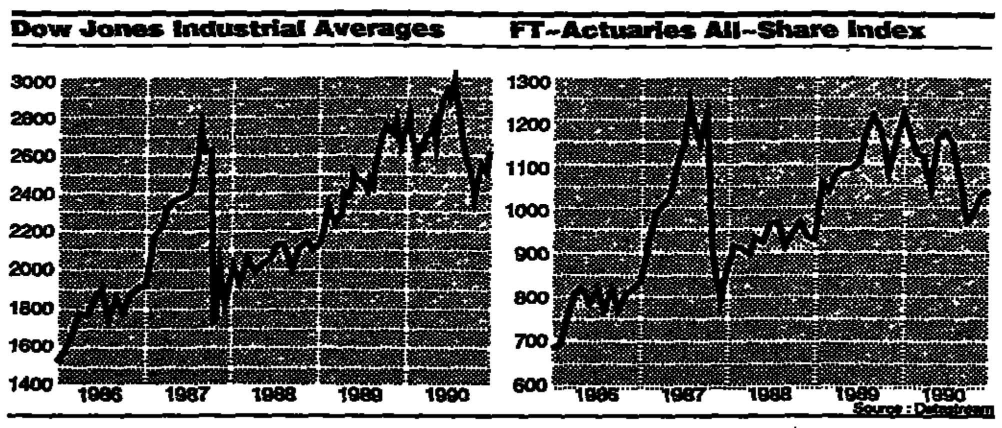
Equities also provide protection against devaluation, but for at least the next six months the stock market could continue to exhibit what the experts describe as high specific risk; in other words, there is a considerable danger that individual companies will go bust or get into serious difficulties. So small investors must be well diversified.

But if all goes well, by the end of 1991 the outlook will be improved. If that is so, a different type of share will be performing better, especially that of the small, volatile company which has been hit so badly in the past 18 months. Recently big, safe companies have been attracting substantial premiums but the pendulum could begin to swing.

To sum up, if the government has the courage to stick to its guns during the coming sterling crisis and deepening recession, investors should first of all focus on bonds, both British and continental. Later, as the economy bottoms out, the time will come to move back into the shares of small and medium-sized companies. But the main stock market indices, which are dominated by industry leaders, may prove to be rather disappointing this year, although I expect to see some advance over the 12 months as a whole.

If the government throws in the towel over sterling, stick to shares and houses.

B R



More gloom ahead

THE US is in recession; its biggest banks are slashing their dividends; there is the threat of war in the Middle East; and the Soviet Union slides closer to political chaos. Is this the time to make a stock market killing?

It may seem so, given that the classic advice to the successful investor is to be a courageously contrarian optimist when all about you are plunged in the blackest of despair and stocks are selling at a snip.

But, as Wall Street enters 1991, the US equity market still looks a pretty unpromising home for funds – particularly for the overseas investor – in the first half of the year. However, in the second six months it could start to provide some attractive pickings.

Taking a very short-term view, the markets look unattractive because of that great unknown – the Gulf crisis – which could erupt into war in mid-January. No-one knows what impact that would have on global politics and the oil balance, and it presents the market with a wild card of immense proportions.

The Dow Jones Industrial Average, which looks like ending the year around 2,600 – its first drop in a calendar year since 1981, the start of the last recession – has rallied by more than 200 points since war jitters were at their worst in the early autumn.

Any fighting in the Middle East would set off another steep downward plunge. A quick war which destroyed the Iraqi military machine would probably then produce a sharp rally, but a prolonged struggle, with heavy casualties, would have extremely bearish consequences.

The Middle East apart, there are plenty of longer-term domestic reasons why now is not a good time to be buying US equities, even if the market produces its usual "January effect" rise over the next few weeks. Essentially, they all boil down to one fact: the mood is going to get blacker, and share prices cheaper, before any upturn. There will be better buying opportunities later.

Optimism dies hard on Wall Street, and the past year has seen the economic and market consensus far too sanguine about the health of the US. First, there was going to be a soft landing. Then a very mild recession, lasting a mere two quarters. That is still probably the majority view, given the stimulus now being given by the Federal Reserve's aggressive easing of monetary policy.

However, with each passing set of statistics, it looks increasingly likely that the current move into recession, now deemed to have started around October, will be relatively long and deep, possibly lasting for most of 1991, and that any recovery will be painfully weak.

The reason is the fragile state of the entire US financial system after a decade of boom-time abuse. The banks' bad debt portfolios seem certain to grow well into 1991, reinforcing the current credit crunch.

The property market – that touchstone of consumer confidence – is in a dire state all down the eastern seaboard and will take years to recover. Meanwhile, the malaise is spreading.

All this is likely to be brought home in dreadful sets of fourth quarter financial results in the middle of January and a further downgrading of analysts' forecasts for 1991, which still seem pitched too much on the optimistic side.

The fundamental market measures are also reflecting excessive enthusiasm. The price/earnings ratio on the Standard & Poor's 500 Index still stands at more than 13, high for this point in a recession, and the market's dividend yield, at around 3.5, is on the niggardly side. Even if 1991 profits match those of 1990 – and that seems unlikely – equities on average look overvalued by around 10 per cent.

All this suggests that the bear market has quite a way left to run and the Dow, which flirted with the 3,000 barrier last summer, could bottom at 2,200 to 2,300, or even lower if the Middle East turns nasty.

For the overseas investor, the strength of the dollar in 1991 will be an equally important factor in allocating assets, and in spite of the difficulty of forecasting currency movements, there seem few arguments in favour of an early increase in US equity exposure. The dollar's sharp decline over the past year means currency is undervalued internationally, but the apparent unconcern of the Washington authorities, and the downward trend of US interest rates, may make it even cheaper before a sustained recovery.

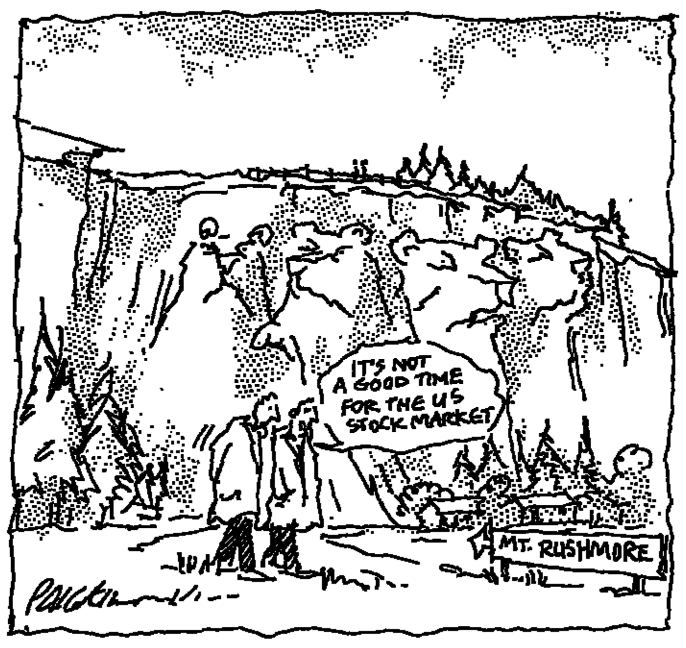
None of these generalisations, however, means that US equities will provide no interesting opportunities in the first half of 1991.

Small companies, in particular, have underperformed large stocks for some seven years now and are significantly undervalued relative to big capitalisation issues. While small companies can suffer particularly hard during recessions, the shares of the survivors have historically outperformed the wider market coming out of a downturn.

Among larger stocks, some of the most internationally successful businesses in relatively recession-proof sectors – particularly food, drink and drugs – could also provide attractive opportunities during the coming market dips.

But large or small, in an unforgiving bear market any generalisations are dangerous. The only guide to successful investing is an intimate knowledge of individual stocks. The broader market is not going to bail you out.

M D



James Buxton finds a unit trust that offers . . .

The personal touch

DO YOU EVER hanker after the days when an individual investor with between £10,000 and £100,000 to invest could reasonably ask a fund manager to handle it for him? There are not many managers any more who are prepared to take on clients with that size of portfolio.

An unusual unit trust run from Haddington, near Edinburgh, offers one solution for investors of this scale. As in any other unit trust, investors in MW Joint Investors Fund (MWJIF) have their savings pooled with everybody else's and are allotted units.

There are differences however: first, you have to make a minimum investment of £10,000. Second, you are given a semblance of being an individual client of a fund manager in that your six-monthly statement lists exactly how many shares or bonds in each company or issue you can theoretically claim as your own. Third, you can telephone or visit the fund manager to discuss the performance of the fund.

Victor Wood of the small personal fund management company McInroy & Wood stresses that MW Joint Investors Fund is not trying to compete with other unit trusts for short-term performance and deplores the way unit trusts boast about their performance.

"When you go and see your doctor he doesn't spend the whole time telling you how his patients have a much better rate of recovery than those of other doctors in the district," he says. "He has a professional long-term relationship with his clients based on trust. Fund managers used to have more of it but you do not find it much in the unit trust world these days."

Unlike most unit trusts you don't pay any front end fee (of, say, 5 or 6 per cent) to invest in MWJIF because it doesn't pay commissions to intermediaries. Instead there is an annual 1.5 per cent management charge.

As it happens, Wood, with the imperturbable bedside manner of a good professional, can let it be known that in its first six months of operation to October 31, MWJIF did relatively well.

Although its offer price was down 4 per cent this compares with an 18 per cent fall in the FT World Index. The UK equity market fell only 2.5 per cent in the period.

More than half of MWJIF's assets are currently in fixed interest securities, mainly UK gilts but also German and US government bonds. Some 30 per cent of the portfolio is invested overseas. About a tenth is currently in cash. "We believe bonds provide a safe and attractive return in a disinflationary economic climate," says Wood.

"The sort of portfolio distribution we have maintained would be almost impossible if we had to pursue short-term performance targets," he claims.

"If we were worried about short-term growth we would have had to put more money into equities in case a rival fund suddenly did better than us. We're flexible and looking to performance targets which relate to years, not months."

Since it was launched in February, MWJIF has attracted 30 clients with assets totalling about £700,000 at October 31. That makes an average holding of about £23,000. Gross dividend (including tax credit) was 21.459p.

■ Details from MW Investment Managers, 46 Court Street, Haddington, East Lothian EH41 3NP. Tel: 062082-5867.

The techniques of index valuation can help you decide which holdings to sell

A formula for analysing shares

SUPPOSE you need to raise some cash and you must sell your holding of one of two shares – or perhaps part of each holding. Ultimately, your decision should be influenced by the future prospects of the companies concerned.

However, an analysis of past performances may provide some pointers to help you decide.

You may wish to analyse the performances of these two shares against one another over a period of time and check the CGT positions. It would be simple enough to compare the share prices at the beginning and end of the period and see which has achieved the greatest growth – but this would ignore the amounts paid out in dividends.

There will also be complications if either holding has been increased through rights issues. The techniques of indexed valuation will help you over both hurdles.

For example, let us assume that on March 31, 1982, you held 1,000 ordinary shares each in Barclays Bank and Shell Transport and Trading, the values on that date, £4,480 and £3,800 respectively, being their rebased cost values for CGT purposes. You wish to compare the performances of these shares between March 31, 1982 and December 22, 1990.

Suppose you divide these rebased costs by the Retail Price Index (RPI) for March 1982 (79.44) to provide index base factors of 56.39 for Barclays and 47.83 for Shell. You also divide the costs by the FT-Actuaries All-Share Index for March 31, 1982 (326.6) to produce all share index base factors of 13.72 for Barclays and 11.64 for Shell.

Both companies gave free scrip issues as shown in the Capital Table but as these did not increase the costs of the holdings, the index bases and all share index bases remain unchanged.

However, Barclays also made rights issues. In April 1985 you accepted one new share for every share held, at 150p per share, and in April 1988 you accepted a further share for every two shares held, this time at 250p per share.

Dividing the extra costs by the RPI and All Share Index at the time of each rights issue determines additions to be made to the index base and all share index base.

The Capital Table shows the effect of multiplying the index base for each share by the RPI for November 1990 (the latest available), to determine the costs of the holdings in today's money which we can call the real cost.

Then multiplying the all share index base by the All Share Index for December 22 yields all share index values. Finally, multiplying the number of shares held by their prices (in this case for December 22) produces their current values.

Comparing the results you can see that in both cases current values are higher than real costs, so that both shares have beaten inflation, Shell more so than Barclays. But looking at all share index values, you will see that Barclays has not kept up with the All Share Index while Shell has beaten it.

Purely in capital terms, Shell appears to have the edge on Barclays: but this does not take into account the dividends that each company has paid out over the period.

Pound for pound, earlier dividends were worth more to you than later ones, owing to inflation. If you divide each dividend by the RPI at the time of payment, this produces what we can call the "DIRPI" factor.

Multiplying the sum of DIRPIs over the period by the latest available RPI provides the indexed income which is the current value of all dividends received.

The Dividend Table shows that Barclays has paid out total net dividends of £4,763 with a total indexed income of £5,877. The comparative figures for Shell are £3,503 and £4,412 respectively.

Adding the indexed income to the capital value on December 22, 1990, provides you with the total return from each holding.

You will see that Barclays yielded 78 per cent more than real cost, whereas Shell's surplus was 193 per cent. Once again, Shell is the winner.

The Dividend Table can tell us even more about shares. You will see that the net dividends from both companies increased year by year, until 1989 when Shell declared a marginal decrease.

However, ever-increasing DIRPIs indicate that dividends have more than protected shareholders against inflation, except for the Shell dividends in 1989 and 1990.

In 1982 both companies paid net dividends of about 5.5 per cent, but by 1990 the Barclays net dividend amounted to 7.7 per cent of real cost, whereas that for Shell was 9.2 per cent. Therefore, over the same period Shell dividends have increased by more than those from Barclays, per pound invested.

If you sell shares the chargeable gain for CGT amounts to net proceeds less real cost. Assuming that you wish to raise about £10,000 after CGT, that you have already used up your £5,000 CGT exemption for 1990/91, after carrying forward any allowable losses, and that you will pay CGT at the lower rate of 25 per cent, the situation will be as follows.

If you sell 3,040 Barclays shares at 350p (after expenses) you will receive £10,640 from which CGT of £626 will leave you with £10,014, while your net Barclays dividends will be reduced by £625.

But if you sell 2,585 Shell shares at 447p (after expenses), you will receive £11,555 from which CGT of £1,551 will leave you with £10,004 and in this case your net Shell dividends will reduce by only £494 per annum.

You now have all the information needed to compare past performances, projected loss of income after a sale and the CGT situations: but even an unwelcome CGT bill should not deter you from disposing of a share if either capital value or dividends are likely to fall sharply. It is therefore imperative that you seek professional advice concerning company prospects before you finally take the plunge.

Anthony Casswell

CAPITAL TABLE

Date	Holding	Cost	RPI	Index base	Real cost	FT All share	All Share Index Base	All Share Index Value	Price	Value
Barclays Bank ordinary shares										
March '82	1000	£4480	79.44	56.39		326.6	13.72		448p	£4480
June '82	+ 200	free								
Total	1200	£4480		56.39			13.72			
April '85	+ 1200	+£1800	94.78	+ 18.99		620	+ 2.90			
Total	= 2400	=£6280		= 75.38			=16.62			
April '88	+ 1200	£3000	105.8	+ 28.36		920	+ 3.26			
Total	= 3600	=£9280		=103.74			=19.88			
June '90	+ 1440	free								
Total	= 5040	=£9280		=103.74			=19.88			
22/12/90			130		£13485	1039		£20655	360p	£18144
Indexed income from dividend table										+£5877
Total return										=£24021
Shell Transport & Trading ordinary shares										
March '82	1000	£3800	79.44	47.83		326.6	11.64		380p	£3800
Dec '88	+ 2000	free								
Total	= 3000	£3800		= 47.83			= 11.64			
22/12/90			130.0		£6218	1039		£12094	461p	£13830
Indexed income from dividend table										£4412
Total return										=£18242

DIVIDEND TABLE

	Barclays Bank ordinary shares			Shell Transport & Trading ordinary shares		
	Year end holding	Net Dividend	Div. % of RPI	Year end holding	Net Dividend	Div. % of RPI
1982	1200	£ 247	3.014	1000	£ 211	2.571
1983	1200	£ 270	3.157	1000	£ 229	2.677
1984	1200	£ 300	3.340	1000	£ 278	3.095
1985	2400	£ 364	3.822	1000	£ 336	3.519
1986	2400	£ 473	4.824	1000	£ 360	3.657
1987	2400	£ 528	5.160	1000	£ 460	4.491
1988	3600	£ 686	6.180	1000	£ 530	4.921
1989	3600	£ 878	7.583	3000	£ 528	4.514
1990	5040	£1037	8.129	3000	£ 573	4.493
Total Dividends		£4763			£3503	
Total Dividends % of RPI		45.208			33.938	
Multiply by latest RPI !		x 130.0			x 130.0	
TOTAL INDEXED INCOME		= £5877			= £4412	

Each dividend was divided by the RPI for the month of payment. The latest RPI available was 130.0 for November 1990

Diary of a Private Investor

A year of theatrics

IT IS A PITY that 1990 was not all Shakespeare and rock 'n' roll. My best performing investment this year was not on the stock market, but in a theatrical venture.

In July 1989 I invested in *Return to the Forbidden Planet*, a musical partly based on Shakespeare's *The Tempest* and on a science-fiction "B" movie, with old rock and roll songs such as "Great Balls of Fire", "She's Not There", "Wipeout" and "Teenager in Love".

The show opened at the Cambridge Theatre in the West End in September last year, won the Olivier award for best musical of the year, and is still playing to enthusiastic audiences. The show will also open in New York and Australia in 1991. For every £1,000 invested, a profit of £540 has been delivered so far, with a promise of more to come.

Not all theatrical investments perform so well but anyone contemplating such a speculation can obtain further information from the Society of West End Theatre, Bedford Chambers, The Piazza, Covent Garden, London WC2E 8HQ.

As far as the stock market was concerned, 1990 was extremely dull. Unlike the 1980s, there seemed to be few opportunities for "in and out" high profit speculations.

Before 1990 it had been possible to see some share prices double within a few months on takeovers, re-organisations, rumours, or other speculative activity. In 1990 quoted companies either seemed sound – but rather dull and boring – or looked likely to produce reduced profits or a loss.

Fortunately, I managed to avoid investing in companies that appointed administrators or receivers this year, such as British & Commonwealth, Coloroll, A. Goldberg, Lowndes Queensway, Parkfield Group, Sock Shop and Yellowhammer. I also avoided all the heavy markdowns in property company shares as I sold my last property company share in October 1989.

At various times during the year I managed to make some good profits on selling shares such as Ladbroke for 316p each (now less than 250p) and Castle Communications for 437p each (now less than 200p).

But generally, given the high interest rates, I preferred to keep cash on deposit and tended to avoid the stock market.

Where I did get tempted into the market, it was usually to increase my shareholdings slightly in small companies such as Associated British Engineering, British and American Film Holdings and H. C. Slingsby, as their reduced share prices made them appear even more attractive.

Two of my 1990 investments are currently showing rather large losses, but I am holding on to them for a while in the hope of considerable improvements.

For a personal equity plan in June, I bought some shares in Pentland Group for 75p each as I thought they were somewhat undervalued. Within a month they had risen to 96p. Then the company announced that the proposed sale of its stake in Reebok would be delayed until Reebok's share price improved. Pentland shares promptly started to slide – but I was impressed by the company's purchase of the Speedo swimwear operations and I felt that it could greatly improve Speedo's marketing and profitability. I therefore bought some more Pentland shares, paying 62p each for them in August. Unfortunately, Pentland continued its downward path and they are now about 48p each.

I have held shares in Premier Consolidated Oil Fields for some years and more than tripled the value of my investment. When I read in August that Burmah Castrol had sold its 29.7 per cent stake in Premier to Kleinwort Benson for about 99p per share, I increased my Premier holding.

My new Premier shares cost me 95p each, but the Premier share price has fallen to around 61p. I am still holding the shares as I feel that Premier has excellent management and that its various oil interests are underrated, particularly its shares in Europe's largest onshore oil field at Wytch Farm in Dorset and its exploration interests overseas.

Overall, the shares I retain have not shown much change in total value over the year. With much greater dealing "spreads" in 1990 than in the late 1980s, and with high interest rates to be earned on cash, there has been little incentive to invest in shares.

Even the privatisation of the electricity companies has not taken much of my cash as the applications of the four members of our family were scaled down to a paltry 200 shares each in Southern Electric and our applications for Seeboard shares met with nothing.

Our rewards from Premium Bonds were pathetic. My wife and I each have the maximum £10,000 shareholding. This year my wife won a total of £700 and I received a derisory £550. As for our investments in index-linked National Savings certificates, they have shown a reasonable return, but what do we have to look forward to in 1991? If inflation really does move downwards, and interest rates are cut, will the stock market have more appeal? I have some doubts.

Kevin Goldstein Jackson

FINANCE & THE FAMILY

Sara Webb looks at the five-year plans on offer to savers

Tessas poised for take-off

TESSAS, OR Tax-Exempt Special Savings Accounts, take off on January 1. If you are a tax-payer and you have spare cash which you know you can afford to tie up for five years, you should consider taking advantage of a Tessa as you will be able to save up to £9,000 and receive the interest tax-free.

John Major announced the introduction of Tessas in the last budget when he was Chancellor of the Exchequer. His aim was to encourage small savers to build up their deposits by rewarding them with gross interest.

In the last couple of weeks, many of the big banks and building societies have announced details of their Tessa plans. Before you rush to open a Tessa remember the following points:

■ A Tessa is a five-year savings plan. As long as you do not touch the capital sum for five years, you receive the interest tax-free.

■ You can withdraw interest, net of tax, but if you touch the capital, the Tessa becomes invalid and is taxed as a normal bank/building society account.

■ You can only open one Tessa per person. You cannot open a joint Tessa.

■ You may put up to £9,000 into a Tessa, with up to £3,000 in the first year and up to £1,800 in each of the four subsequent years until you reach the £9,000 limit.

■ You do not need to declare a Tessa on your tax form, unless you break into the capital and disqualify the Tessa.

■ For elderly savers, a Tessa does not affect your age allowance provided you keep it for five years. However, if you disqualify your Tessa, for example by withdrawing the capital, the interest becomes liable to tax and this could affect your age allowance.

■ You can move your Tessa around from one bank or building society to another but watch out for transfer or early closure penalties.

■ Check the interest rates on offer. The range is fairly wide with savers being offered between 11 per cent and 15.25 per cent. In most cases, the rates are variable, so if the base rate is cut, you can expect to see a fall in Tessa rates. Therefore it makes sense to choose a high interest Tessa which has no transfer penalties so that if rates move you are free to switch your funds to a more attractive account.

However, bear in mind that many of the Tessas pay bonuses to savers who keep their money with them for the full five years or who open an account in the next few weeks. The bonus is usually added at the end of the five-year period.

Watch out for Tessas which offer tiered rates: they pay lower interest on small deposits so you will not receive the top rates if you do not make the maximum commitment.

Finally, if you are a non-tax-payer, remember that when composite rate tax is abolished in April 1991 you will be entitled to receive interest on ordinary bank and building society accounts tax-free. The gross rates on some of these for large sums compare quite favourably with the gross rate on a Tessa, and do not commit you to tying up your money for five years.

Abbey National, 13.8 per cent, minimum investment £1. You must give 28 days' notice if you wish to transfer or pay a penalty of £20 to transfer immediately.

Alliance & Leicester BS, 14.5 per cent, minimum opening balance of £10. The penalty if you transfer to another Tessa is equivalent to 28 days' interest.

Bank of Scotland, 13 per cent if you open a Tessa before February 28. A 0.5 per cent bonus will be paid to savers who hold a BoS Tessa for the full five years.

Barclays Bank, 13 per cent, no transfer fees but you lose the interest if you transfer within the first year.

Bradford & Bingley BS, 15 per cent on its Maximiser High Return Tessa, but you have to pay a lump sum of £9,000 into an ordinary savings account (where the interest is NOT tax-free) and the money is fed into the Tessa over the five years. The Maximiser Optimum Tessa pays 14 per cent with a minimum deposit of £600. The Maximiser Classic pays 12 per cent and accepts a minimum sum of £25.

Bristol & West BS, 13.5 per cent on sums of £3,000, 12 per cent on sums of £500-£2,999, and 8 per cent on sums up to £500. Also a cash bonus of £500 tax-free on deposits of £9,000 if capital and interest are left untouched for the full five years, and £200 on £5,000-£8,999.

Britannia BS, offering three Tessas: Platinum pays 15 per cent and requires annual lump sum payments; Monthly pays 12 per cent and requires monthly payments of at least £20; and Flexi-Tessa, which accepts variable payments, pays 10.5 per cent. You can only withdraw interest before maturity from the Flexi-Tessa.

Caledonian Bank, 13.5 per cent and bonus of 1 per cent of the capital invested in the first year for accounts opened before March 31.

Chelsea BS, 13 per cent plus a 5 per cent bonus on the first year's deposit if the account is opened before March 31 and you do not transfer your Tessa.

Cheltenham & Gloucester BS, Maxi-Tessa is linked to C&G Gold and London Share accounts, transferring the maximum amount from the savings accounts into the Tessa each year, and pays 13.67 per cent and 15.33 per cent respectively. The Flexi-Tessa pays 12 per cent and takes a minimum deposit of £100.

Cheshire BS, 14.5 per cent, minimum investment of £1.

Cheshunt BS, 13.33 per cent on sums of £500-£3,000, and 8.01 per cent on sums up to £500. A bonus of 1 per cent of the capital sum is paid after five years.

Co-operative Bank, 14 per cent with a 1 per cent bonus on your first year's investment if you open a Tessa before March 31. Monthly income option available.

Coventry BS, 13.5 per cent, bonus of 1 per cent if you open an account before January 31, to be added to the account on April 6, 1991.

Firstdirect, (Midland Bank's telephone banking service) 13 per cent on sums up to £1,000 and 13.5 per cent on £1,000-£3,000.

Gartmore, 13 per cent on a range of accounts. Tessa Prime requires an annual deposit of the maximum allowed for each year, Tessa Plus requires a minimum of £1,000 to be deposited each year, and Tessa Saver requires a regular monthly contribution of at least £100.

Hinckley & Rugby BS, 11.25 per cent on £500-£3,000 and 7.7 per cent on sums below £500, plus a 5 per cent bonus paid at the end of five years.

Halifax BS, 13.5 per cent plus the following bonuses: 1.5 per cent in year one, 1 per cent in year two, 0.75 per cent in year three, 0.5 per cent in year four, and 0.25 per cent in year five, plus £100 if you pay the maximum investment in a lump sum each year. Minimum initial deposit of £25.

Leeds & Holbeck BS, 14 per cent, no minimum investment or transfer penalties. Bonus of 0.5 per cent on total balance for investors after 5 years.

Leeds Permanent BS, 14 per cent, with a minimum of £25. Three months' notice required to transfer or close account.

Lloyds Bank, 13.5 per cent, plus 1 per cent bonus if you open a Tessa before February 28. Minimum of £100.

Manchester BS, 14.5 per cent, minimum of £25, no penalty charges for transfer, but 14 days' notice required.

Midland Bank, 13.5 per cent.

National & Provincial BS, 13.5 per cent, and bonus of 0.5 per cent at the end of the fourth and fifth years.

National Westminster Bank, 14 per cent, with a 1 per cent bonus on the first year's deposit if you keep the Tessa for five years.

Nationwide BS, Tessa bond account pays 14 per cent and offers a monthly income option, while Tessa Flexible Savings Plan will pay 13.5 per cent on £25-£2,999, and 13.65 per cent if you deposit £3,000 in the first year. Bonus of 1 per cent for those who registered and open a Tessa before February 28, and of 0.5 per cent if you hold the Nationwide Tessa for a full five years.

Bonus of 0.5 per cent if you buy or sell a property through Nationwide Anglia Estate Agents or take out a mortgage with Nationwide.

Northern Rock BS, 13.5 per cent, plus a 3 per cent bonus on the first year's investment if you open a Tessa before March 31, 1991. Minimum of £1 and monthly income facility available.

Norwich & Peterborough BS, 11 per cent on £100-£999, and 13 per cent on £1,000-£3,000. Minimum investment of £100, bonus of 10 per cent on first year's investment, no penalty for transfers.

Nottingham BS, 14 per cent, will pay 1 per cent extra interest on the first year's contributions to anyone who registers before December 31 and opens a Tessa before April 5.

Portman BS, 13.5 per cent, plus a 2 per cent bonus on the total balance after five years. There is a 1 per cent bonus on the first year deposit if you open a Tessa before February 28. Minimum deposit is £100.

Royal Bank of Scotland, 13.7 per cent. If you open a Tessa before March 29, there is a 5 per cent bonus on maturity and a 2 per cent bonus on the first year's investment.

Save & Prosper/Robert Fleming, 15.25 per cent variable or 13 per cent fixed for the first year for applications received before January 14, or 1 percentage point lower for Tessas opened thereafter. You can switch between fixed and variable Tessas at each account anniversary. Quarterly income option available.

Scarborough BS, 13 per cent, with a 6 per cent bonus on the first year's investment if you open one before March 31. Minimum investment of £150.

Skipton BS, 14 per cent, will pay its 4 per cent bonus provided you do not take any withdrawals and open your Tessa before May 1.

Southdown BS, 13 per cent plus a 5 per cent bonus on the first year's investment to savers who stay five years. Minimum investment of £25 a month or £300 a year.

Staffordshire BS, 12.75 per cent on £500-£3,000, and 9 per cent on £25-£499. Bonus of up to 6 per cent of the first year's capital. No penalties for transfers.

Tipton & Coseley BS, 15 per cent, net interest can be withdrawn given three days' notice.

Town & Country BS, 13 per cent. If you invest before April 30, a 1 per cent bonus will be credited on April 30, 1992 with a further 1 per cent bonus on the balance after five years.

Woolwich BS, 13 per cent on sums of £25-£2,999 and 14 per cent on £3,000. Bonus of 1 per cent if you open an account before March 31, payable at the end of 1991, plus bonuses of 0.25 per cent in each subsequent year. Minimum deposit of £25. No penalties for transfer.

Yorkshire Bank, 12.5 per cent plus a 2 per cent bonus if you stay with the bank's Tessa for the full five years.

DIRECTORS' TRANSACTIONS

THE INSURANCE broking sector has been firm over the last couple of months, buoyed by rumours of rising premiums. Directors in a number of the quoted brokers – including Steel Burrill Jones, Lloyd Thompson and, more recently, Bradstock – are selling their shares. The board of Bradstock reduce their holdings annually and appear to be adept at selling near the top of the chart.

Other sales worth mentioning are: Argyll, where Alistair Grant, the chairman and chief executive, has sold 10 per cent of his holding; Harland Simon, where several directors are acting in unison; and Reuters. Rupert Murdoch has now resigned as a director of Reuters, having consistently reduced News Corporation's holding since August from 5.3 per cent to below 2 per cent.

Noteworthy purchases include Caird Group, the waste management company which, having announced poor results in September and subsequently frightened off Severn Trent, has announced that its entire board has bought stock. Severn Trent hold just below 30 per cent of the shares and cannot bid again for a year.

The chairman of Brown and Jackson, which bought Poundstretcher from Lowndes Queensway, has invested a further £1m in a combination of preference and ordinary shares. The company is standing at almost the year's low, having announced losses at the interim results.

The purchase of 10,000 shares in GEC is by a recently appointed director and is in order to meet company directors' qualifications.

Angus Macdonald
Directus

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Ambassador Security	84,000	25	1
Argyll	100,000	250	1
Blenheim Ex'bitions	150,000	987	1
Bradstock	175,000	446	3
Courtaulds	10,000	34	1*
Dunhill Holdings	112,783	387	1*
Fairey	140,000	301	1
Guinness	103,100	807	2*
Harland Simon	64,000	304	2
Higgs & Hill	22,500	62	2
Morrison(W)S'market	400,000	776	1
Persimmon	12,000	25	1
Record Holdings	200,000	160	1
Regina H'lth&Beauty	500,000	12	1
Reuters	1,268,278	8,054	1
Sage	7,500	15	1
Trace Computers	102,923	58	2
Warburg (S.G.)	10,000	33	1
Warburg (S.G.)(Def)	50,000	50	1
Whatman	5,000	19	1
PURCHASES			
Albrighton	377,500	147	2
Blenheim Ex'bitions	8,800	53	1
Braithwaite (Conv)	23,000	11	1
Brasway	275,000	36	1
Brown & Jackson	100,000	25	1
Brown &Jackson Pref	1,530,000	984	1
BTP	5,870	10	1
Caird	190,000	82	6
Caird (Pref)	22,500	10	1
City of London PR	30,000	11	1
Cont. Stationary	72,500	26	3
Cray Electronics	20,000	11	2
Dean & Bowes	35,000	42	1
GEC	10,000	17	1
Greenwich Resources	90,000	14	1
Guidehouse Cnv Pref	71,000	31	2
Inoco	250,000	15	1
Lynx	175,000	24	2
N M C (Pref)	400,000	212	1
Pittard Garner	112,500	40	7
Record Holdings	200,000	160	2
Stakis	100,000	47	1
Wagon Industries	6,875	24	1
Warburg(SG) (Def)	10,000	10	1
Wiggins	100,000	18	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange17-21 December 19901990.

Source: Directus Ltd

Sorry, out to lunch

Heather Farmbrough recalls her job as an investment manager

ONCE, when someone asked me what I did for a living, a friend interrupted. "Oh, she eats lunches." It was difficult at times to convince people that fund management could be hard work. After all, people would say, being paid to gamble on the Stock Exchange – a popular hobby – cannot be such hard work. And it was not even my money.

For three years, I managed unit trusts worth up to £100m. With hindsight, it seems a great deal of money and a far more daunting responsibility than it did at the time.

Fund management is not a high profile industry – how many famous fund managers do you know? Although most people understand the basic point of the job – to manage portfolios of stocks and shares – what fund managers do all day is less well known.

Nor is fund management the kind of career many people dream about. The height of my aspirations when young was to be an air hostess. After university, however, followed by two years in the City with a firm of stockbrokers, I was fed up with fund managers being rude to me and decided I would rather be rude to stockbrokers instead. So I got a job as a trainee fund manager.

In the early days, I was taught some investment theory, brushed up my company analysis, checked valuations and unit prices and sat in on various meetings. Typically, a stockbroker and his, sometimes her, sidekick would come in with the managing director and finance director of a company in whose shares they wanted us to invest. Or a broker and an investment analyst would come round with lots of reasons why we had to buy a particular sector. Monday morning meetings at 8am on insurance were my favourite.

After a few months as a trainee, I was given a fund to manage, although, initially, if I wanted to buy or sell shares I had to talk over my decision first. Eventually, a couple more followed, and I found myself managing £100m. It would not have made much difference if it had been £100,000 or £1m. Perhaps that was because a fund manager's main worry is capital performance, although some also worry about income.

Whenever the monthly performance figures appeared, we would pore over them, rearranging them in percentiles to see how we had done, and then rearranging them to try to make them look better.

Fund management before the 1987 Crash was a breeze compared with today. The money simply flooded in. It is much easier to perform well when you are not under pressure to raise cash. Most share prices just went up. The bear market was something that only fund managers aged over 35 could remember, and they used to say that those of us who were younger than 40 would not know what one was if it hit us in the face. They were probably right.

It was a comfortable life. Although the mornings began at an uncomfortably early hour, we had pleasant offices, a coffee machine, decent chairs, good desks and clean loos.

Then there were the lunches. At the time, I used to regard them as a fattening occupational hazard. Most people would have described them as a perk, if not a luxury.

Lunches – or breakfast, drinks or dinner – were seen by stockbrokers as a good way of getting to know clients and winning business (in other words, commission from dealing). Unfortunately there was a growing trend, driven by the need to keep costs down, towards in-house lunches at the broker's office. This meant trekking to the City and, usually, sitting in a gloomy panelled dining room, eating heavy starters, overcooked Beef Wellington, overglazed vegetables and a stodgy pudding. The most upsetting thing about these lunches was that the wine was invariably excellent, but I could not drink and work afterwards.

After a while, I realised one of the golden rules of fund management: most lunches are a waste of time. Once you know a broker, you can talk by telephone. The exception was being able to meet a company's management if you could not persuade them to visit the office.

I also learnt that it is essential to avoid as many telephone calls as possible, which is difficult when the telephone rings incessantly. The most effective way of dealing with this was to put the telephone in a drawer and take it out five minutes later. Although one colleague did this regularly, few of the brokers on the other end seemed to notice. Most fund managers need just a few calls a day from reliable brokers who do not waste time.

Another distraction was the large quantity of research sent by stockbrokers' investment analysts. Much of this went unread into the bin, some to the library and the best bits went home in a briefcase to be read in peace and quiet.

The least glamorous part of the job was the daily chores – checking the previous day's purchases and sales, checking the cash balance and the price of one's unit in the paper.

Then there were meetings to discuss where we should invest, and reports on company visits, lunches and so on. About twice a month I caught the breakfast train, usually to the Midlands, where I would invariably see production lines, endless widgets, nuts and bolts. Such visits were often eye-opening, sometimes boring. The problem with these trips was that not only were they time-consuming, but the more one got to know the management, the harder it became to sell when necessary.

All this left precious little time to think, to consider ideas, or to search on the computer for under- or over-valued stocks.

Fund management is all about learning to keep your distance and being detached. The best fund managers tend to be calm, quiet and unemotional. Not being any of the latter, and in pursuit of a little more colour at work and some literary experience, I decided to leave this comfortable world. At the time of Big Bang, my husband remarked wryly that when most people in the City were trebling their salaries, I was halving mine to go into journalism.

Excluding the in-laws

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

UNFORTUNATELY there is disharmony with my daughter-in-law and ourselves. In our wills, therefore, we want some way of excluding her, but is there a way unless our son, to whom she is married, is also excluded? Anything left to him would benefit her by half. We have a granddaughter aged three. My wife and I are aged 64 and 66.

■ You can make provision which would exclude your son's wife by creating a settlement in which a life interest only is left to your son, and directing that it should be held on protective trusts, with the interest in remainder being left to his child or children.

Slowcoach solicitor

I HAVE agreed to be named as the executor in the will of a very elderly friend: the only other executor is his solicitor. The estate will be substantial but straightforward, consisting of UK equities and cash deposits.

The will is uncomplicated, but I foresee difficulties because I know from earlier dealings that the same solicitor, although sound and well-meaning, is excruciatingly slow and that his fees are high.

The various beneficiaries are in their 70s and 80s and if several months were to pass without word I can well imagine my being asked to hasten matters.

I could, of course, do no more than pass all inquiries to the legal executor, but it would be advisable to know whether a joint but lay executor has any duties, standing or influence in the administration of the estate. Is there any publication that would provide guidance.

■ Each executor has the same duties and obligations and the same powers, even though much of the administration work may be channelled through the executor who is a solicitor.

The principal work on this area is Williams Mortimer and Summucks on Executors Administrators and Probate, 16th edition.

Interest rate query

MY WIFE and I have for the last six years had a shared building society account with the Halifax Building Society. The account was a 28 Day Xtra high interest account, paying monthly interest.

Recently I had cause to question the interest rate being paid, and I was told that this type of account was no longer being offered, the new account being a "90 Day Xtra" account.

The interest rate being paid on my account had reverted to a nominal interest rate (about 2 to 3 per cent below the expected rate), this occuring about two year ago when the changes were made.

In the last two years, entries and withdrawal have been made to the account, and account summaries have been posted out annually, but no attempt has been made to alert us to the reduced interest rate.

Could you please tell me whether the building society can change the account in this way, without alerting their customers? While accepting that interest rates fluctuate, I do not feel that changing the account from a "high earner" to an "an also ran" is reasonable.

If you agree with my position, could you please let me know to whom I must write, as the Halifax are no longer replying to my letters.

■ It would appear that the building society was under no legal duty to alert you to the disadvantageous interest rates: but you may care to take the matter up with the Building Societies Association, 3 Saville Row, London, W1X 1AF. It is not clear whether the reduction of interest complies with the society's rules.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000	0-7
High interest cheque	8.10	8.40	6.70	monthly	1	5,000-9,999	0
High interest cheque	8.30	8.60	6.90	monthly	1	10,000-24,999	0
High interest cheque	8.50	8.80	7.00	monthly	1	25,000-49,999	0
High interest cheque	9.10	9.50	7.60	monthly	1	50,000	0
BUILDING SOCIETY†							
Paid up share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
Instant Xtra	8.95	8.95	7.16	yearly	1	500-1,999	0
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000-4,999	0
Instant Xtra	9.45	9.45	7.56	yearly	1	5,000-9,999	0
Instant Xtra	9.70	9.70	7.76	yearly	1	10,000+	0
90-day	9.45	9.67	7.73	half yearly	1	500-9,999	90
90-day	10.20	10.46	8.37	half yearly	1	10,000-24,999	90
90-day	10.70	10.99	8.79	half yearly	1	25,000-49,999	90
90-day	11.20	11.51	7.21	half yearly	1	50,000+	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue‡	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applica	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.43	10.94	8.75	monthly	1	2,500	0
Provincial Bank	10.24	10.73	8.59	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	11.67	9.62	8.39	half yearlY	4	-	0
8pc Treasury 1992	11.65	9.59	8.35	half yearly	4	-	0
10.25pc Exchequer 1995	11.15	8.53	6.98	half yearly	4	-	0
8.5pc Treasury 1994	11.35	9.12	7.79	half yearly	4	-	0
3pc Treasury 1992	9.54	8.74	8.26	half yearly	4	-	0
Index-linked 2pc1992§§	12.74	9.45	9.15	half yearly		-	0

*Lloyds Bank.†Halifax 90-day; Immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Audit & General	5½	5	6½	1.95	West Inds.
BTS Grp	12	11	15	1.98	Waverley Cameras
Birmingham Mint	95*	93	60	13.62	IMI
Capital Leasing	Ir44*	Ir41	Ir18½†	Ir12.47	BNP
Carroll (P.J.)	Ir160*§	Ir154	Ir125	Ir72.84♠	Rothmans Intl.
Colroy	180*	178	158	16.5	Gleeson
Foseco ‡	300*	301	186	259.0	Burmah Castrol
McLaughlin&Harvey	135*	157	130	7.47	TBF Thompson
PML Group Ord.	19*	18	16	1.36	Rapallo
Do.Nom Cv '95 Ln	100*	-	-	2.20	Rapallo
Rechem Env Servs	575	558	574	152.66	Shanks & McEwan
STC	327*§	322	291	1.9bn	Nthn Telecom
Xtra-Vision	Ir5	Ir4½	Ir7	Ir4.64	Cambridge Group

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 28/12/90. †At suspension. §§Shares and Cash.♠ Value of 61.3% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey Panels	Sept	1,490	(1,480)	34.8	(37.7)	3.5	(3.5)
Audit & General	June	1,790 L	(1,320)	-	(2.97)	0.3	(0.3)
Ifico	June	493	(2,170)	1.14	(4.69)	-	(0.5)
Kelsey Industs.	Sept	3,440	(3,400)	64.0	(58.8)	28.0	(22.5)
Ptarmigan	June‡	203	(423)	2.2	(4.08)	0.25	(0.75)
Shaftesbury	Sept	5,480 L	(5,024)	-	(14.9)	-	(1.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Astra Holdings	Sept	2,470 L	(3,430 L)	-	(-)
Electric & General	Nov	1,670†	(1,630†)	-	(-)
Ensor Holdings	Sept	331	(877)	1.25	(1.25)
Forminster	Oct	995	(896)	3.47	(3.02)
Isosceles	Oct●	700	(30,000L)	-	(-)
Learmonth & Burchett	Oct	618 L	(513)	0.4	(0.8)
Platignum	Sept	331 L	(209)	-	(-)
Stonehill Holdings	Sept	650 L	(904 L)	-	(-)
Waterglade Int'l.	Sept	1,550	(3,130)	1.0	(1.95)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Last years figures for 18 months.● Last years figure for 15 weeks.† Net revenue.

RIGHTS ISSUES

Isosceles is to raise between £135m & £150m via a rights issue.
London & New York Convertible Trust is to raise £8.2m via a one-for-one rights issue at 44p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
First National Finance Corp.	Thursday	4.5	5.5	4.5
Jupiter European Invest. Tst.	Thursday	-	-	
INTERIM DIVIDENDS				
Banner Homes Group	Friday	0.8	-	-
Gibbs Mew	Thursday	2.0	3.75	-
Hollas Group	Friday	1.6	1.6	-
Kleinwort Benson Gilt Fund	Wednesday	34.54	38.38†	34.52

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† 3rd interim dividend.

MINDING YOUR OWN BUSINESS

Roy Hodson revisits companies that have featured on this page

Small-scale survivors of a hard year

THE FORTUNES of nearly 250 small businesses have been chronicled on these pages since Minding Your Own Business was started two years ago.

I have been doing a rough stock-take: going back to some of the people we have written about and asking how they are getting on in the wintry business climate of late-1990.

"Surprisingly well" is the short answer from most of them. Moreover, almost all show an unquenchable optimism that they will not only survive the recession, but will continue to expand their businesses during its course.

Mike Bedford, who runs the chauffeuring service called Duty Driver, claims his business is "recession proof". Dermot Bradley, a one-man business in advanced sales training assesses the goods things that have been happening for him recently and concludes, "I think I like recessions".

Duncan Scroggs, who maintains factory grounds, notices that his slow payers have stretched their credit to, on average, 47 days compared with 44 days a year ago. Never the less, he still does not have any bad debts to write off. And, as Michael Yeo and his small team who run Esseborne Manor country house hotel, batten down the hatches for "a difficult year ahead", they have set up an "in house" laundry which will cut their overheads by £8,000 a year.

What all these people have in common is that they have much more drive and energy than they have capital. This is what some of them are saying as they prepare for 1991.

Roy Bruce, with his small executive recruitment business Arbee Associates, in London, considers himself lucky to have maintained business at last year's levels.

"Enquiries are at a lower level," he says "and one has to hustle hard to obtain business".

His strategy for 1991 will be to try to offer better value for money and, meanwhile, to keep his overheads to a minimum. He considers himself fortunate that his business is split fairly equally between Britain and overseas. "The continental sector has kept us on target recently," he says.

Cinderella, the south London domestic and nanny agency run by Jane Wiseman and Elisabeth Rowland, is keeping up its momentum by going along the franchise route. One franchise has started in Hampstead to cover the north London area, and another is due to open in May 1991 in Stratford upon Avon.

However, the two founders say they are determined not to open more franchises than they can train effectively in their working methods. "With only two of us we have to pace ourselves so that the quality of service is maintained," says Wiseman.

They used to make a little money by offering passers-by the use of their photocopier and fax. That service has developed this year into a formal office services section including typing. It is now bringing in a steady income.

Far from being affected by the recession, Fantastic Fireworks of Redbourn, Herts, has had its most successful year with sales up from £350,000 in 1989 to nearly £500,000 this year.

Jonathan Culverhouse, the owner, says that he saved a lot of money as a result of the Minding Your Own Business article. An insurance company who read of his crippling £30,000 a year premium on his fireworks stores took on the business for just £9,000. Culverhouse recognised that he had been strong on marketing but weak on financial management so during the year he brought in a financial consultant.

"I would certainly advise any small business lacking in financial expertise to obtain professional help," he says.

The firm has now bought a 16-acre site near the M1 and Culverhouse believes he is on course to grow from a small fireworks business to be one of the top three in the trade in Britain.

When I met Julia and Tony Guy, owners of Travel in Style, they were enjoying a wonderful summer in the Thames Valley hiring their vintage Rolls Royce cars for social occasions and chartering their Edwardian river launch *Natasha*. However, they noticed the first sign of gathering storm clouds at the Henley Regatta in July when business entertaining was much reduced and all their trade came from old customers.

To fly higher in 1991 in spite of recession they have joined with a company called Floating Sensations to add hot air balloon flights to their repertoire.

Dermot Bradley's remark that he thinks he likes recessions stems from the fact that his one-man business Advanced Sales Training has been going from strength to strength lately.

He says: "Other companies seem to have made the decision that when the times are hard that is a good time to train the sales force. So I have been able to take on several new clients recently and the order book is still remarkably full."

He published this year a software programme called Machiavelli which takes a sales force through the politics of a big deal. He is selling the programme to big companies at £30,000. "Machiavelli is now beginning to make substantial income for me," he says.

It is bold of Mike Bedford of Duty Driver to claim that his business is recession proof. But he states his case like this: The business used to be dependent, he says, on senior executives of small and middle-sized companies who required a chauffeur occasionally. "However, in today's economic climate the larger corporations are cutting costs. Some of them are using our Duty Drivers full-time and cutting the cost of employing salaried chauffeurs by up to 50 per cent." The firm has sold 75,000 "driver hours" this year – an increase of 40 per cent on last year.

"There's not much money to be made out of Vivaldi," said Joseph and Mary Pilbery ruefully when they told of their struggle to keep their small business, the Vivaldi Concertante orchestra alive. Sponsorship has proved even harder to win during the last few months says Joseph Pilbery. So the orchestra has taken a different tack and its directors have launched a Friends' society. Members get tickets at reduced rates and invitations to post-concert receptions and rehearsals for a fee of £12 a year. It is providing the orchestra with a new cash flow during a difficult year.

Making music is expensive, however. Every concert requires more than £6,000 to cover the costs in addition to the ticket money.

For antiques dealer **Mark Rimmell** of London, 1990 has been, as he says, "unfashionably successful". His book *Making a Business from Bric-a-Brac to Antiques*, which he decided to publish and sell himself, has done well enough to go into a second edition. Then he was asked to take a contract to buy the artefacts for the television Jeeves and Wooster series. As he loves the 1930s period he reckons that life has been good.

Looking at the generally flat conditions in the antiques market he is not unduly depressed (having seen it all before) and he believes the market will be ready to take off once more in between 12 months and 18 months time. "Otherwise, why are they buying my book?"

Baking cakes on her kitchen table got Meg Dorman into her mail order bakery business called **Meg Rivers cakes**, which she runs from the small Warwickshire village of Middle Tysoe. Sales in the past eight months have been double those of the previous year, when she turned over £50,000.

Following the recommendations of a DTI consultant's report she has worked at improving the quality of her catalogue and the range of cakes on offer. By computerising her mailing list she has been able to weed out the non-active customers and work to a smaller but more reliable list. As for the down-turn in the economy, "We now have more work than we can cope with", she says.

Nicola Balniel, who started Corporate Relocations, the company that claims to move executives and their families painlessly and settle them in, sold during the year to Amanda Pelham Burn.

Turnover rose from £68,000 to £130,000 last year and is expected to reach £180,000 this year. Most of Burn's business is coming from the US, but she says that European companies are now also beginning to wake up to the idea of relocation.

The business has just relocated itself from the lush pastures of Belgravia to Hammersmith where, she says, rates, rent, and parking space are more attractively priced.

Ashley Ashwood

WILLS ON WHEELS was the working name barrister Gillian Jenkins (right) chose for her one-woman service in making wills. She was approached during the year by other legally qualified women and has now formed an association with five of them in various parts of the country. They see the clients and send the instructions to Jenkins to have the wills drafted. She has been asked to franchise the operation but does not think that would be appropriate. However, she has changed the name to Jenkins and Associates. And her turnover is now running at some £40,000 a year, double the level of six months ago.

IAN NORRINGTON started 1990 as a stockbroker with Kleinwort Benson, but also running a small jewellery business of his own in his spare time with his wife Brigitte (pictured left). He has now left the City to concentrate upon jewellery and is building up an international clientele. His turnover this year is running at about 5 per cent ahead of the £80,000 of 1989. However he suffered a 25 per cent fall in business during September and October followed by a revival in November. A move to gold is a classic sign of recession. Norrington says his customers are increasingly interested in buying gold jewellery in the form of bracelets, necklaces, and cuff-links. He has changed his stock to suit the trend this Christmas.

Trevor Humphries

Trevor Humphries

BERNARD RICHTER (left) is the Chelsea jobbing gardener who refuses to earn more than £23,600 a year because he does not want to be bothered with the complexities of value-added tax.

He confesses the going has been tougher lately, with high interest rates and dearer petrol. But he has invested in a cement mixer and, with it, has completed five paving jobs. He is developing a specialisation in paving small London back gardens in terra cotta tiles. Although he continues to limit his income he has been able during to buy some more paintings to increase his collection of contemporary art. His dream is to open a small art gallery.

DUNCAN SCROGGS aged 25, runs Green and Tidy (in action in the picture below) an environmental maintenance business based in Oxfordshire. This year turnover was £93,000 – an increase of 65 per cent. He is determined to hold together his permanent staff during the winter low season. In case regular business falls off he has invested in equipment and training to become a sub-contractor to Southern Electricity to clear trees and bushes from power lines.

He refuses to compete on price, although he bids keenly for work. However, he has sharpened up his response time to show that his service is competitive. He won a contract by driving 30 miles with a quotation at midnight so that it would be seen the following morning.

The 1945 claret vintage — 45 years on

***Edmund Penning-Rowsell** raises his glass to a little bit of French history . . . and very good French wine*

THE 1945 claret vintage, within a year or two of being made, was widely accepted as the finest since 1929 and, in spite of 1961's great reputation, there are those who believe it has not been surpassed since, especially in probable longevity. Still, the string of fine vintages in the eighties has yet to reveal full form.

It was, of course, a very difficult vintage, depleted by a severe May frost a few days before VE Day, with vineyards often covered with weeds, and a shortage of pickers. After a very hot summer the vintage began on September 13, an early date not to be equalled until 1976. It was also then the second smallest red Bordeaux vintage of the century, larger only than the execrable 1915. The only later vintages to be smaller were the disastrous 1956 and the excessively acid 1957.

Nevertheless, it was obviously an historic year for France. Lafite marked it by embossing the date on the bottle and Mouton-Rothschild initiated its celebrated series of annually designed labels, with *Année de la Victoire* within a V sign. Below it was stated that 74,422 bottles and halves were produced, plus 1,499 larger size and 2,000 Réserve du Château. The number of bottles represented no more than a quarter of the number in an ample vintage today.

There were no *en primeur* sales in Bordeaux in those days, beyond the *négociants*, who acquired what they could secure and then offered the wine to trade customers at home and abroad only when the bottles were ready for shipment.

The finer '45 clarets appeared on merchants' lists here towards the end of 1948 and, in December of that year, I bought six bottles of Lafite from Averys of Bristol and six bottles of Latour from Harveys of Bristol for 16s.11d. and 18s.9d. a bottle respectively. A year later I acquired six bottles of Mouton-Rothschild from Avery's at £1 (equivalent to about £7 in today's money), and in March 1950 a further dozen from Harveys at 18s.9d. I only secured Haut-Brion in 1953 – six bottles from Berry Bros & Rudd at 18s.9d. apiece. (In those times of moderate interest rates merchants did not raise the prices of their stock year by year). I did not buy Ch Margaux as its '45 had a rather poor reputation compared with the other first-growths.

In case it be thought now that these wines were being sold at knock-down prices, I recall a note sent by the Wine Society then to its members, advising them that the 1945s generally were high in price, and careful selection was necessary, as some had a very high sugar content and this might cause them to become volatile (vinegary). This did happen with part of the Cheval-Blanc crop.

The opening prices of the first-growths to the Bordeaux trade were the equivalent of just under £5 a case. Purchases by British importers were officially limited by a quota. These leading '45s cost me an appreciable percentage of my salary.

As always, most '45 clarets were consumed when young, but their strong tannin and closed bouquet encouraged laying them down. Although over the years I opened the occasional bottle, the wines all seemed to need more time. In reputation Lafite was claimed to be the best. When they were 25 years old I did arrange a dinner (the Margaux was a present), and the final voting placed Lafite first, followed by Latour, Mouton-Rothschild, Haut-Brion and Margaux. None showed any sign of incipient decline.

However, not even the finest claret lasts for ever – nor we ourselves. This year, when the '45s reached the age of 45, it seemed an appropriate time to hold a dinner for the six people, among them two Masters of Wine, who meet ever year to sample ten-year-old first-growths. On this occasion we did not include Cheval-Blanc or Pétrus which, towards the end of the 40s, were almost unknown in the UK. The order of tasting was, as usual, Haut-Brion, Margaux, Lafite, Mouton-Rothschild and Latour. The Margaux had come, 15 years previously, from an Oxford college; the rest from my cellar.

First, in order to provide a rather different comparison, we drank a bottle of Pontet-Canet '45, the Pauillac that is top of the fifth-growths and was owned and bottled in Bordeaux by the distinguished house of Cruse. Here are my notes made at the table on this and the succeeding five wines supplemented by notes of the other diners:

Pontet-Canet. Very good colour, lovely rich but elegant bouquet, concentrated flavour, long and complete. "Sweet, with still slight hint of tannin at end, beguiling"; "delicious warm fruit, showing no sign of age". A challenge to its socially superiors.

Haut-Brion. Surprisingly full, clear colour, firm rich nose, with some tannin, plenty of fruit behind it, and could still develop. Classic claret, showing very sweet in glass – "lovely colour, after 30 minutes beautifully developed"; "rich velvety nose, very powerful, not typical Haut-Brion style"; "very pleasant at first taste, quite a bite at end".

Margaux. Good colour but lacking in intensity. A good deal of tannin that obscured fruit. Developed some elegance in glass, but lacks substance. "Fairly deep colour, but dullest of the five, showing age, developed fragrance in glass, very tannic"; "nose of old wine, definitely a bit pedestrian, though still improving in glass later"; "dry, tannic and lacking finish".

Lafite. More colour than Margaux. Some tannin, elegant aroma, soft flavour and distinguished, but could have a little more to it. – "fully mature colour, very forthcoming fragrant bouquet, cedar, brick, classic claret"; "slightly sweet, medium weight, absolutely delicious"; "wonderfully ripe, scented, beautifully balanced"; "classic wine, smooth, sleek flavour".

Mouton-Rothschild. Very good colour, rich, spicy, concentrated nose, voluptuous, seductive flavour. Extraordinarily full, beautifully balanced flavour and surely at best. "Very deep colour, fine mature nose, immediately spicy, cinnamon, cloves. Glorious taste but seemed almost a caricature of itself"; "dramatic, a real show-off"; "Cassis and cloves on nose. More like Californian Martha's Vineyard than claret. Very aromatic, not subtle"; "lovely fruit on the palate"; "Friar's Balsam on nose".

Latour. Very big colour, strong, powerful nose and flavour. Lacks some roundness and has an edgy acidity which may suggest volatility. Very typical Latour but lacks length; perhaps not the best of bottles. "Very deep, plummy colour. Exciting spread of flavours, more subtle than Mouton"; "lovely lusciousness on palate, the most gorgeous for the future and at the end of the tasting"; "'enormous power, delicious to drink, a touch of volatile edginess"; "low-keyed nose, lacks length".

Broadly, the table was divided between those who preferred the style of Lafite, and put it top, and those drawn to the unusual concentration of Mouton-Rothschild, a wine, Baron Philippe de Rothschild used to say, which would certainly last until the year 2000; and of which there can now be no doubt. Personally, I was greatly impressed by its richness and concentration, while others found the Lafite more typical of classic Médoc. Everyone very much enjoyed Haut-Brion, an admirably full-flavoured wine, but found Margaux disappointing.

The voting from one to five, with the smallest total the best, was as follows: Lafite 9, Haut-Brion 14, Mouton-Rothschild 17, Latour 19 and Margaux 30. One taster put Latour equal first with Lafite, and another voted Haut-Brion top, my second choice. As usual, the comments referred to a single bottle of each wine, drunk on a particular occasion. Before the vote was taken each glass was refreshed from decanters filled at least two hours previously.

Lessons on how to be home with the range

***Philippa Davenport** attends a workshop on Aga cooking*

THE SOLID shape of the Aga is timelessly reassuring. I like the colours it comes in and its steadfast warmth.

The appeal of the Aga reaches its peak at this season. Catering for Christmas and the New Year tends to be a kitchen marathon, and there is nothing more lonesome than the cook stranded solo, within earshot of the laughter but not the jokes from the next room.

Where there is an Aga there are helping hands, or at least there are hangers-on, drawn magnetically to the cosy warmth, to chat to the cook while culinary tasks are done. There is never any fight about fitting in a jumbo Christmas bird or a rib of beef and all the trimmings. The size of the ovens and the number of them are blessedly generous. In fact you could feed a small army with an Aga, or at any rate the population of a hamlet.

When winter is at its cruellest, tearing down powerlines and isolating rural communities, the Aga and its owner dispensing soup and succour to neighbouring families shine like good deeds in a naughty world. Like any major piece of equipment, the Aga requires a language of its own.

The knack of cooking on hot plates and in ovens without the usual temperature readings has to be learned, but once mastered, most people swear they would be loathe to be without an Aga. Some claim they cook all the better for having an Aga, certainly they seem to enjoy cooking more, and many think of the Aga not only as a cooker but as a way of life because it turns the kitchen into an extra dining and living room as well the place in which to cook.

Mary Berry, well-known for her marvellously practical and friendly cookbooks and long-running series on Thames Television, has been an Aga owner and addict for about 15 years. Last year she came up with the idea of starting The Aga Workshop*, opening the doors of her Buckinghamshire kitchen on occasional Tuesdays and Wednesdays to share her Aga experience with others. This proved such a success that extra days have been slotted into the schedule for 1991. Even so, every place is already booked until the end of March.

The day-long courses have been carefully tailored to meet the various needs of would-be Aga owners, novices, those considering graduating from a two-oven to a four-oven model, and old Aga hands. There are special days on which potential first-time buyers can take the Aga equivalent of a test drive and get to grips with the basics.

Other days concentrate on brushing up on techniques and making the most of the Aga, or are devoted to such subjects as weekend house guests, spring entertaining and baking.

The beginners' guide to the Aga seems to me a particularly valuable course. Maybe this is because I am a beginner, but an Aga is not cheap and it operates quite differently from other cookers, so the opportunity to put it through its paces and to question an independent expert before committing to buy strikes me as highly desirable. Mary Berry is adamant that the numbers attending each session must be kept small in order to allow plenty of time for general discussions and sorting out individual problems, as well as hands-on experience and recipe tastings. The recipes, by the way, are gratifyingly wide-ranging, not restricted to the sort of homely dishes (like my recipe below) for which the Aga is justly famous, but including more sophisticated fare and ideas in line with today's trend for lighter tastes and healthy eating.

Tony Andrews

Practical advice: Mary Berry has been an Aga addict for 15 years

Although cooking is of course the central theme, Aga Workshop sessions also explore the fringe benefits of living with an Aga. These range from using the lid of the simmering plate to cut down on ironing, to melting chocolate, incubating yoghurt, warming slippers, drying the cheese grater, lawn mower blades and other fiddly, rust-prone items on the side of the Aga. Farmers sometimes use the slow oven for resuscitating orphan lambs. Jo Grundy of *The Archers* is fond of warming his toes in this fashion, and Mary Berry once watched a Mallard duckling hatch out in the warmth of the cupboard abutting her Aga. The Aga is indeed much more than a cooker.

STEWED BEEF WITH FENNEL, CARROTS & OLIVES

(serves 6)

■ This is the sort of dish traditionally associated with the Aga, cooked long and gently to achieve a tender blend of flavours and a deliciously rich gravy. Pack it into a wide-mouthed thermos for a racegoer's picnic or lunch for the guns, and don't forget the hip flasks.

2¼lb chuck steak, trimmed weight; 3-4 heads of fennel; 1 scant teaspoon fennel seeds; 1lb carrots; ½pt beef stock or consomme; 8fl oz wine; 1oz plain flour; 2 garlic cloves crushed with salt; a generous handful of black olives; a few spoonfuls each of olive oil and chopped parsley.

Cut the beef into chunks, dust them with a little flour and sear in batches in a sauté pan filmed with sizzling olive oil. Transfer the contents of the pan to a flameproof casserole, scraping the pan base with a spatula to scoop up every bit of meaty and oily sediment. Scrub the carrots, cut them into 2 inch lengths and add them to the casserole. Add the fennel seeds bruised with pestle and mortar, the crushed garlic and plenty of pepper. Stir in any surplus flour and pour on the liquids. Bring to simmering point, stirring occasionally.

Cover the casserole and cook it in the simmering oven of an Aga for about 2 hours, or in a conventional gas or electric oven at 275-300 °F (140-150 °C) gas mark 1-2 for 1-1¼ hours. Trim the heads of the fennel and cut each one into neat wedges. To do this, first split each head in half from stem to root end through the central core, then cut each half into three or four long pieces, each consisting of fleshy layers attached to a strip of central core. Add the wedges of fennel to the casserole, pushing them well down into the liquid.

Cover and return the dish to the oven for a further hour or until the ingredients are tender and the gravy is mellow. Stir in the olives and check seasoning. Scatter with chopped parsley and serve with lots of mashed potatoes. No other vegetables are needed.

** For further details, brochure and booking form, contact Mary Berry's Aga Workshop, Watercroft, Church Road, Penn, Bucks HP10 8NX. Telephone: 049481-3113.*

Hooked on a good read

***Tom Fort** selects his favourite fishing books of the year and celebrates some classic reprints*

IT IS better than fishing, the boy replied when I asked him if he liked the book he was studying. I should, I suppose, have felt a little wounded in view of the hours I had spent putting worms on his hook, watching his float, sorting out his tangles, and rowing him and other ungrateful brutes to deceptively promising spots scattered around Coniston Water, in the Lake District.

On the other hand, if any book could open his eyes to the joys of the sport, it was this one. *Mr Crabtree Goes Fishing* did the trick for me, and for multitudes of others, and I am happy to record my debt to Bernard Venables, who devised this bewitching combination of strip cartoon, vivid paintings and wise, unpretentious text.

It is more than 40 years since the father-and-son duo made their debut in the *Daily Mirror*, and time has not touched them. Mr Crabtree, in jacket and tie, still strides along the river bank, cane rod and centrepin reel in hand, dispensing wisdom about the rapacity of pike, the sagacity of carp, the boldness of Old Stripey perch to the fresh-faced lad trotting eagerly beside him.

It was a masterstroke of Merlin Unwin to reprint this incomparable classic (Unwin Paperbacks £7.99), and one ill-rewarded by the recent pike-like swallowing up of his firm by Collins. Unwin has been midwife to many excellent fishing books, of which one of the last, *The Deepening Pool* by Chris Yates (Unwin Hyman £15.95) is one of the best.

I cannot recommend too highly these exciting accounts of battles with mighty barbel, carp and other species. Yates has a proper sense of angling's history and traditions, and his prose is enviably vivid and immediate. His photographs are simply exquisite.

First prize for the barmiest book of the year goes to *Salmon And Women* by Wilma Patterson and Professor Peter Behan, (Witherby £14.95). This propounds the theory that women are more successful salmon anglers than men because the fish is sexually bewitched by a female chemical secretion.

The originator of this bosh is Professor Behan, who states: It is a commonplace that women catch bigger and more salmon than men. It is true that the record salmon was caught by a woman, and that other skilful, determined women have caught a great many salmon, large, medium and small. But is there a woman who can match the 10,000 salmon caught by Pashley (a man) from the Wye? And what of Bishop Browne, who hooked a salmon perhaps half as big again as Miss Ballantyne's 64 pounder, only to lose it after ten hours? Was the bishop a woman? Or was the salmon taken in by his stockings?

Even if the theory is other than bosh, what is the use of it? Is the professor not inciting unscrupulous tackle dealers to stock small tins containing unspeakable substances, to gull uncompetent male salmon anglers such as myself? Apart from the professor's imaginative contribution, the book consists of accounts of women catching fish, interesting in the case of Miss Ballantyne and one or two others, tedious in most of the rest.

I was disappointed, too, by the same publishers' *The River Test* by Charles Bingham (Witherby £20). It relies far too heavily on interviews with river keepers and owners. One keeper's work and opinions tend to be very similar to another's, while the owners unite in wailing about water quality and abstraction while omitting to acknowledge their own part – through excessive stocking of unsuitable fish and commercial exploitation – in corrupting the most famous trout stream in the world.

The most celebrated of the Test keepers, Mick Lunn, has produced his own book, whose title – *A Particular Lunn* (Unwin Hyman £14.99) – is a play on the name of the superb fly devised by his grandfather. It is a more agreeable read than Bingham's book – but neither is a patch on J.W. Hills' *A Summer On The Test*, which is overdue for reissue.

Witherby's two duds are as nothing against their splendid enterprise in reprinting David Street's *Fishing In Wild Places*. I have commended this little volume before, and bemoaned its unavailability. It should be in every angling library, and is a snip at £12.95.

Clive Gammon's *I Know A Good Place* (SwanHill Press £12.95) is a diverting collection, reasonably priced although dismally illustrated. The same company has reprinted A. A. Luce's *Fishing And Thinking* at £11.95, of which other sound fishermen have a higher opinion than I do. Among paperbacks, I enjoyed the fishing in Max Hastings' *Outside Days* (Pan £5.99), and all of Lord Grey's classic, *Fly Fishing* (Spredden Press £7.95).

Most of all this year, I relished rereading B.B.'s books, in particular *Confessions of a Carp Fisher*. I met the old boy at his circular house in Northamptonshire a few months before he died, and found him tremendous value. I raise my hat to his memory, and to Bernard Venables, still going strong, and to Mr Crabtree.

The schools' debate

YOUR November 17 article which ranked the independent schools by academic results raises the question as to whether these schools are as good as your reporter would wish them to appear. Obviously there are other factors by which independent schools can be ranked but as the article takes academic achievement as the dominant measure, let us look at this in detail.

The schools listed are generally small and highly selective with good capitation, well qualified staff and strong parental involvement. One could therefore expect their A level results to be considerably better than average.

It is fortunate that an international comparison is available. Singapore still uses GCE O, AO and A levels and the syllabuses and standards are maintained to the same standards in England. The 1988 A level results of Victoria Junior College, a two year coeducational college completely analogous to an English sixth form college, had the following results: 892 candidates presented themselves for 3,097 subject entries at A level and obtained an overall pass rate of 96 per cent.

Victoria is not the only Junior College obtaining results of this standard. There are 12 other JCs of which at least four achieve equal or better results each year. Singapore has a population roughly equal to that of Greater Manchester or the West Midlands. It would be interesting to compare the mathematics and science results of one of these top JCs with those obtained by the combined numbers from both the state and independent sectors in those metropolitan counties.

No doubt the accusation will be made that the JCs are purely A level factories. The Singaporean authorities are well aware of the charge and demand that all students involve themselves in extra curricular activities including theatre, Chinese cultural studies, social services and sport.

However, it must be admitted that, as in Britain, not all students see the value and purpose of such activity.

In relation to international standards, our top independent schools are not so successful as academic institutions as they may believe. Singapore shows that a well resourced public education with well motivated students can generate the highest international standards.

The value added by education systems can be judged by the nature of the societies that the systems create. The contrast between Singapore which is booming with annual growth rates of 8 per cent taken for granted and Britain could not be more stark.

R S L Alexander

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TRAVEL SPECIAL – GREECE

The perfect island exists – but it's secret

***JDF Jones** sets the scene for a three-page celebration of Greece, which shows its true beauty out of season*

IT MAY as well be admitted at the start that Greece in the high season can be a pretty hellish experience. The beaches, the ferries, the hotels and the sites are packed. Athens is diabolical. It is very hot – too hot for the comfort of many of the visitors from the north, who do not remember, as they scan the travel brochures in their mid-winter depression, that the sun can very quickly become an enemy.

If the *meltemi* is blowing – as it usually does in the islands in August – a passage by ferry across those wine-dark seas can be uncomfortable, overcrowded and nauseous, and to be caught in a Force 7 in a *caique* hired from your friendly local fisherman can be a hair-raising experience for all but the natural sailors among us.

There are too many people making too much noise. The temporary waiters in the tavernas are too busy, so the service is often slow and unbothered. The shopkeepers know that their annual profit or loss depends on these couple of months, so you are pestered or ripped off.

A storm or two, or an engine failure, and the ferry timetables become a nonsense, with exponential effect as the season proceeds. The principles of the market economy – so many people chasing too few lobsters, rooms-with-a-view, hire cars, hot showers, Flying Dolphins – works triumphantly and prices soar to unprecedented heights, every year to a new record.

And yet, curiously enough, it is not the best, nor even a sensible, time to visit. Apart from the heat (and the wind), the island landscape is parched and harsh, the green of the vegetation is dusty and dulled, the extravagant flowers of the earlier months have died away, the Mediterranean fruits are not yet ripe.

True, the Athenians (who account for the majority of the Greek nation) all go to the islands in August, but that is a decision wished on them by their employers and by tradition; it also makes all these problems so immensely worse. (Don't bother to try to find a room in any of two dozen popular islands after mid-afternoon in high season: surrender yourself to the tourist police and don't succumb to optimism).

The lesson is all too obvious. If you are not constrained by school holidays or your office, consider very seriously that you take your Greek holiday either early or late.

When? There is, of course, an element of a gamble in going *too* soon or *too* late. For example, the season ends, in the northern tier, in about the third week of October (in Crete it is a little later). There is no one moment of close-down but the signs are clear as October arrives. One restaurant puts up shutters for the winter, next door they linger on. The hydrofoils become elusive and the ferries are astonishingly and wonderfully empty.

The temperature of the sea, which for many of us is a vital criterion, drifts downwards "from the alluring to the testing," as one swimmer said to me. The weather can be delightful, even hot, I can testify, but don't complain if you get unlucky and find yourself in cloud, showers and your cardigan for a couple of days.

Similarly, the industry claims to open up in early April but a frank hotelier will quietly recommend that you wait until May if you want to be warm, both in and out of the water. And everyone agrees, on both sides of the industry, that May is wonderful – "the most beautiful time and place in the Mediterranean," says a long-standing resident, who also admits that she has never in her life been so cold as on an Aegean island in January.

Evidently, the comfort factor differs from island-group to group; the north is 500 miles from Crete in the south, though sea temperatures can be more complicated – swimming in the Sporades can be warmer in autumn than in the Cyclades. Conclusion? For this particular perfect world, aim for May-June or late-September.

Where? No, really, that's the impossible question. There are good guide books that will distinguish between the green islands and the rocky, the classical sites and the Byzantine, the sand beaches and the shingle, the traditional and the nudist, the straight and the gay, the families and the students, the solitary and the gregarious, the rich and the cheap.

Spirit of place: a priest on the volcanic island of Santorini

Be additionally guided by: (a) the point of access: is there a nearby airport to avoid the delay and hassle of going through Athens (and Piraeus)? (b) the differential in price across the season – a room in August is likely to cost literally twice the rate in June; (c) whether you need car hire, which is inevitably expensive and may not be needed for more than a couple of days for special and private excursions.

Do not try to do too much; Greece is not a small country: the combination of Crete and Santorini may be fine (just) but do not add Athens and the Peloponnese (or vice versa); Corfu and Cephallonia fine, but don't think you can take in Rhodes as well, unless you can spare a month or two. Above all, allow yourself time to explore, and to search for what the guide books and travel supplements cannot give you . . .

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The island I have in mind is one that I decline to name.

Somewhere – yes, it exists – in the swirl of Greece's 1,500 islands I promise you that there is a particular outcrop of rock and thin soil. You don't have to be a geologist to see that it is the peak of a mountain that rises 1,000 feet out of the Aegean.

It is no more than ten miles long and three or four miles wide; it has not yet been discovered by the tourist industry; it scarcely earns a reference in the guide books. It is, in a very meaningful way, "unspoiled" and, miraculously, has remained that way for the past 20 years even as neighbouring islands have been invaded by the summer swarms of backpackers and, equally dangerous, the envoys of the Athenian estate agents.

The island is so beautiful in part because it is poor. The terraces of the steep hillsides, wrenched from the mountain 1,000 years ago, are today more usually than not uncultivated; the vines and the figs grow wild and sparse; the tiny chapels are unguarded and unvisited, the hobbled donkeys are left to browse the stony soil. It is poor, as it has always been, because it has not been transformed by the tourist revolution of this last quarter century.

One reason the island is undiscovered is because it does not have the long sand beaches that attract the investors and hoteliers. If you want to swim (in a perfect little cove, sand or rock as you prefer, but always empty) you have to walk – or take a boat, or even a mule. Indeed, you have to do an awful lot of walking.

Until a couple of years ago the island had no motor vehicle. The route from the port to the Castro on the mountaintop was an ancient mule-track of great polished cobblestones and the islanders spent their lives travelling up and down that steep track on foot or, at best, by mule or donkey. Today there is progress, but not too much. The cobbled track has been widened in parts and there is a single, erratic bus to climb the hill and collide on the bends with the occasional 2-Chevaux or the post office motorbike. Away from that single track, still, you walk.

No-one – *no-one* – has more than three words of English. There is no 'hotel' on the Castro although in the port there are a few 'rooms'. There are, of course, a few shops in the village but their stock is limited: you buy tinned sardines or tuna (as in so many Greek islands, the supply of fresh fish is mysteriously irregular) to add to the tomatoes and feta and olives; and yes, the retsina comes in half-litre jugs.

There is a café-neon – no, two – in both Castro and port, where the foreigner will be tolerated, even welcomed, and find himself in a minority of one. Persephone runs the bakery and these days will cook for you after a very modest fashion (she's rather good at goat).

Hestia is sometimes available to clean or launder and tell you the gossip of many years. Stavros used to run the mules and now drives the bus, dangerously. The priest is young and cheerful and rings the church bells a lot. The plumber – an important job in the Greek islands – is called the *pneumaticos*.

Astonishingly, it is now possible to make international telephone calls from the village post office, although incoming mail should not be relied on. If someone is seriously ill, the government will send in a helicopter. When the ferry arrives to unload its passengers and cargo into the boats that have to take them to the jetty, it is not so unusual to see that a stretcher is being lowered over the side: in the Greek style, after a lifetime spent in Athens, you return to your island to die. And after your coffin has rested in the mountain graveyard for 12 months, the bones are disinterred, examined, blessed and recommitted for ever.

Note that this is not the Greece of antique sites; there are a couple of Hellenistic churches but nothing to write home about, though the "vernacular architecture" of the village is of an extraordinary beauty.

Why does one go there, I sometimes ask myself – and I answer: for the simplicity of it all; for the simplest beauties; for the physicality of it; for the physical exercise; for the silence, the sense of distance-from-everything; for the sea and the sun and the mountain.

Wild horses would not drag from me the name of this place. Believe me, it exists, somewhere in that diaspora of islands that stud the Mediterranean between Athens, Turkey and Crete. My point is that the best reason, surely, to go back and to explore the Greek islands for year after year is to discover your own.

TRAVEL SPECIAL – GREECE

Tourism taken to its limits

***Christian Tyler** visited Lindos where his lesson in Greek culture began with the word 'anachronism'*

THE THOUGHT occurred on a moonlit night in one of those roof-top restaurants in Lindos, ancient capital of the island of Rhodes: if classical Greece gave us our most useful words, modern Greece can give us spectacular examples of their meaning. And the first word that came to mind was "anachronism".

Lindos is one of the most beautiful places in tourist Greece but has exploited its natural charms almost to the point of self-destruction. It is a combination of rampant commercialism and visual pleasure to make a Disney theme park architect weep with envy – but no designer could possibly achieve by artifice what nature and history have created on this barren promontory.

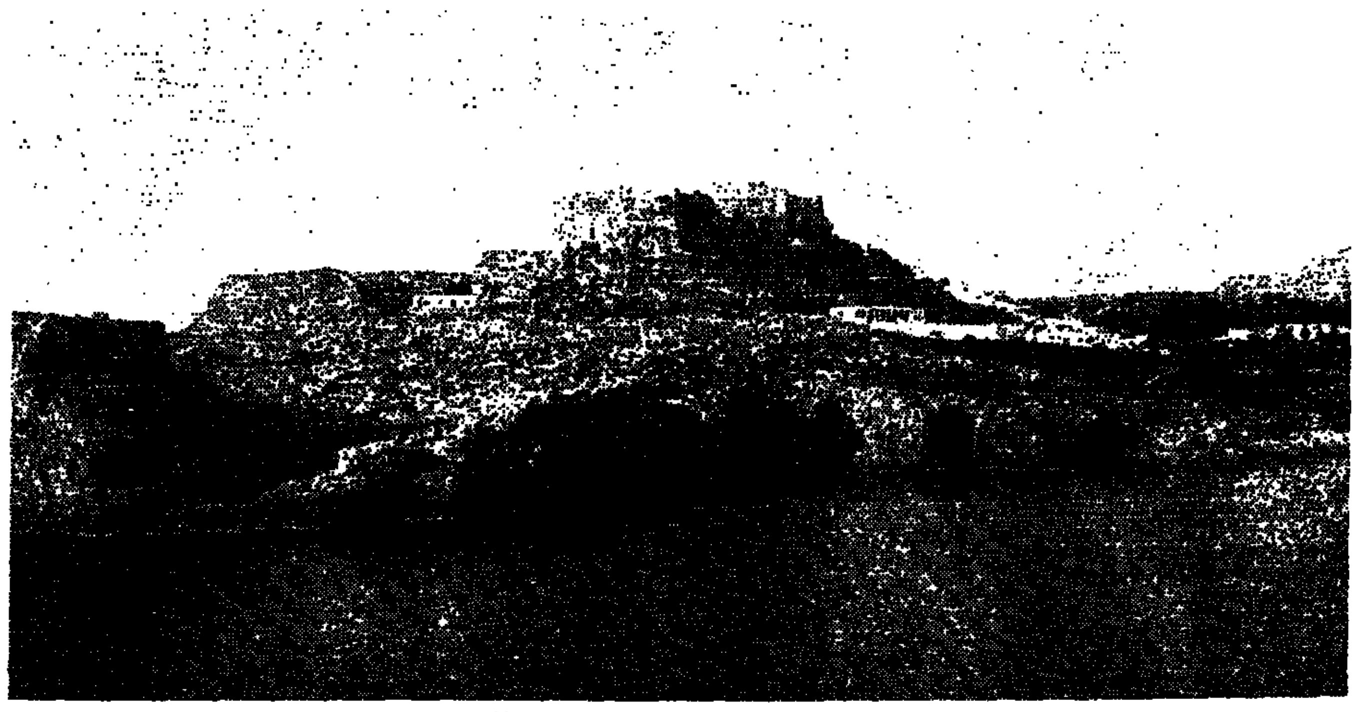
One look is enough to take in 2,400 years of history, from the 4th century BC temple of Athena on the acropolis, almost hidden by the 14th century crenellated fortress of the Knights, down to the Byzantine tower of the parish church of the Panaghia, to the jumble of flat-topped roofs hung with fairy lights, and finally into the warren of alleys where the tourists conduct, day and night, their orgy of superfluous spending.

While the eye may contemplate the past, the ear is pinned inescapably to the present. At night the thump of disco music from dozens of bars hangs like a reverberating cloud over the village. The only relief comes from the roar of three-wheelers (the only motorised traffic) ferrying in the luggage of the next charter group. If you wish to sleep in Lindos at night, you must live above cloud level.

There are other, more engaging, anachronisms. Here, for instance, is Socrates, a balding hippie with long blond ringlets who runs a backgammon bar popular with the Sixties generation and where you may occasionally rub shoulders with an ageing pop star. Or the so-called Crusaders' houses - actually pocketsized mansions built for merchant captains – which have been converted into dispensaries for pina coladas and tequila sunrises. Or the parish church, a walled compound of religious mysticism, Orthodox plainchant, chandeliers and incense-burners, surrounded by the pagan hordes of souvenir-sellers.

With a native population of only 700, Lindos lives off an annual tourist swarm vastly bigger than itself. There is scarcely a house that is not leased out to the (largely British) tour operators, and you wonder where the Greeks themselves live. The economy of Lindos is in the hands of about a dozen families, which, according to one knowledgeable inhabitant, undergo terrible internal paroxysms but maintain correct if not cordial relations with one another. Known in the rest of the Aegean as the Jews of the Dodecanese, the Lindians are abetted in their dogged exploitation of the tourist by hard-faced, contemptuous couriers.

This commercial oligopoly results in strange shortages. You cannot buy fish, for example – not even squid - outside a restaurant. True, the seas round Rhodes have been fished nearly to death: but the supply chain from Rhodes town seems to stop short at the wholesalers. There is no fresh meat to be had either; the nearest butcher's shop is about 10kms away at Lardos. Lemons are unaccountably rare, and fresh local olives actually unobtainable until you learn to wink at the *padrone* and point under the counter.



Lindos: modern commerce under an ancient skin

But the most beautiful deception of all concerns the water. Lindos' tap water, clear and delicious, comes from a spring behind the village which empties into an ornamental basin in the square. Some of it is bottled and sold on the Greek mainland. But the merchants of Lindos manage to sell to the tourists crates and crates of bottled water, imported specially from the mainland.

The Greeks of Lindos live a secretive life. In the early morning they may be seen preparing for the day's money-making. The priest marches up the main alley with his shopping bag, squeezing the peaches outside every mini-supermarket until satisfied. In the evening they may also be seen, sitting picturesquely on white-washed doorsteps as if waiting for the *Vogue* fashion photographer. But for most of the time they are hidden inside their walled and pebbled courtyards while the flood of holidaymakers swirls by. One expatriate, the Californian artist Hal Goldman, said he had not been invited inside a Greek's house in 30 years. Goldman helped to "discover" Lindos in the early Sixties, before water and electric power were laid on. He was followed by the young, wealthy middle-class English, who bought up the better villas and whose children today run about like blond street arabs. Until a recent amendment to Greek property law, forced on the government by Brussels, it was difficult for foreigners to acquire villas here because of the island's status as a "defence area" - ie its proximity to the Turkish mainland. Nonetheless, by entering into contracts with local Greek families a number succeeded in doing so.

Some of those early lotus-eaters, like Goldman, cling on. But their earthly paradise is sinking under the weight of mass tourism. The charter traffic is spilling down from the town of Rhodes because Greece is supplanting Spain as the favourite sunspot. The Brits, with their luminous shorts and beer bellies, come by the week or fortnight to occupy the villas. The Italians, who once controlled Rhodes, come in August ("Italian month") to neck on the beaches or practise scuba-diving. Germans and Americans come by the day: they are bussed in every morning, hoisted on to donkeys which stagger up the rockpath to the acropolis, then herded down to the souvenir shops until the bus sounds its klaxon for the next stage of the tour.

It is a tribute to the business acumen of the Lindian oligopolists that they can absorb and exploit such volumes of visitors without quite destroying the scenic assets on which their prosperity is based. Doubtless the local council, composed of the same people wearing different hats, has striven to maintain the equilibrium. Lindos is in one sense a perfect model of a tourist economy (another Greek word that sprang inevitably to mind). For all its vulgarity, it manages to project an encouraging picture of the future as well as a breathtaking image of the past.

History and headiness

***Jules Cashford** followed Homer's footsteps around Mount Pelion*

HIGH ON the slopes of Mount Pelion – where the Centaurs lived – is the tiny village of Makrinitsa, a cluster of houses and trees clinging to the mountain side, looking down on the great sweep of the gulf far below.

But how do you get there? From the port of Volos on the west coast of mainland Greece, Makrinitsa and the other villages scattered across the mountain seem to be, as they once were, impregnable to invaders and visitors alike. Unusually, the Turkish occupation of Magnesia province left the mountain to itself, so the towns on the coast were vacated for these remote and unassailable villages which became, in consequence, a bastion for folk culture and, in due course, "the teachers and fighters of the Greek nation."

The old traditions remain, and ascending a thankfully more modern but still precipitous road up the mountain is like entering an earlier century. Pelion is literally covered with trees and flowers: great chestnuts and plane trees, oaks, walnuts and pines, apples, vines and geraniums; there is the heavy scent of gardenias and, in autumn, the flaming berries of pyracantha everywhere; now, as in Homer's time, the mountain slopes are many-leaved.

The villages are carved out of the steep, rocky slopes, planted, as it were, between the trees, their whitewashed walls and grey slate roofs merging in and out of the woods at different levels. Because of the incline the houses have three stone storeys at the front and just one at the back. A top floor is characteristically made of wood with wooden balconies, jutting out and leaning over mule tracks, gardens and tumbling springs.

Makrinitsa is probably the loveliest of all these villages, 600m above the sea and about 25km north-east of Volos. Cars are left outside in a shady square, and then you walk along the one and only (very narrow) cobblestoned street which winds its way along before opening out unexpectedly into a magnificent *plateia* of ancient plane trees, known locally as the Balcony of the Pelion. Here is the town's *taverna*, famous for its bean soup, where you can eat and drink or merely sit beneath the spreading branches and watch the sun sinking into the sea behind Volos.

As you enter the village, you find stalls of the mountain herbs for which the region is renowned, freshly picked from the mountain, all wrapped and labelled with the names of the ailments they are said to heal, as well as local honey and nuts and dried fruit.

Mules clatter by, carrying groceries and building materials up and down the little lanes that feed off the main street; higher up the hill, past churches and rooms-to-rent, is the monastery with a tower from which the bells sound the hour throughout the night. A few small hotels and shops lead off the main street, though they sell the sort of pottery and lace you can come across anywhere in Greece.

The Greek Tourist Board has restored several of the old merchant's houses into Grade A guest-houses, offering "traditional hospitality" with a housekeeper in residence.

The rooms lead off a central and communal area but there is complete privacy. The houses are entirely made of dark wood inside, with wooden beams and wooden beds strewn with thick blue locally woven blankets.

A huge mountain breakfast is served on the terrace beneath hanging vines; you eat surrounded by the dogs and cats of the household, beside the red-brown tins of flowers on terrace walls which are evidently a feature of every house on the mountain.

There are two good excursions from Makrinitsa. One zigzags up over the mountain and down the other side, climbing up to Hania (1,200m) which has ski slopes and ski-lifts cut between the forests. The road then plunges to Zagora, the largest of the Pelion villages, a steep winding descent through forests of oak and chestnut, frequently forestalled by lorries loading apples and gardenias for export.

Clearly, this is the orchard of Greece. Veering south past sheer ravines you suddenly catch the sparkle of the Aegean, and finally land at the gentle shore of Agios Ioanis where the vast white sandy beach and clear sea make this one of the most popular and fast-growing (but still sparsely populated) resorts on the east coast of the peninsula.

The other excursion takes you back down to Volos and then south along the west side of the peninsula which encloses the Pagasitic gulf. The first really special place you come to is Kala Nera, which also has a long sandy beach, with a wide front shaded by huge eucalyptus trees and lined with *tavernas* and hotels.

Volos itself is Greece's third largest port, with ferries coming in from the Sporades and freighters leaving for the Middle East. Less appealingly, it is the country's third most important industrial town.

In Mycenaean times it was called Iolkos, and famed in the *Iliad* for sending ships to the Trojan war; it was also the port from which Jason sailed in quest of the Golden Fleece. Memories of those better days are lodged in the excellent archaeological museum, so do not hurry away before seeing them.

The museum also has some astonishing finds from two Neolithic settlements nearby. Sesklo, inhabited since the middle of the seventh millennium BC, and the slightly later site of Pimini produced in the fifth millennium some of the most beautifully decorated Neolithic pots and vases I have ever seen.

The sites are worth visiting as the first layer of stone foundations has been left undisturbed. Sesklo, hidden between two hills and bordered by rivers, had a community of over 500 houses arranged in narrow streets with spaces for squares and courtyards, while Dimini, a smaller village with all the houses leading from a central courtyard, lies in sight of the sea, with rich agricultural plains all around. You are by now probably lost in the industrial outskirts of Volos, but you are also standing on one of the oldest human settlements in Greece.

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TRAVEL SPECIAL – GREECE

From sandy Skiathos to wild Alonissos

It is worth doing a little research to discover the contrasts and subtle distinctions of the Sporades

EVERY article ever written about the Sporades, I imagine, starts off from the point that they are the "sporadic", the "dispersed" or scattered islands. Which, if you look at the map of the eastern coast of Greece, is fair enough.

Nevertheless, they arrange themselves in logical sequence, from forested and well-developed Skiathos, just off the coast of Pelion and Evia, to Skopelos, much wilder, and, third and least, the less hospitable Alonissos. Skyros is supposed to be part of the group but does not entirely belong: it has a more Cycladic landscape (it is very beautiful) and rejoices in hosting several New Age holistic communities; off-season it is better reached from the mainland rather than from its Sporadic neighbours.

So here we have three classic and present-day species of Greek island, striding east in easy stages and with frequent ferry connections from Volos on the mainland of central Greece. Their example is repeated elsewhere in Greece's island-groups. They offer a straightforward example to potential visitors of the desirability of paying attention to – or doing a little preliminary research on – the subtle distinctions between adjacent and therefore apparently similar islands.

It would be no surprise that Skiathos, being the nearest to the mainland , is the most crowded and built-up, but this is to pass over the point that Skiathos in its own right is wonderfully beautiful, an island totally covered with pine forests and surrounded with white sand beaches (the brochures claim there are over 50). It is "developed", yes, but most definitely not "spoiled" (and you could not say that of some other of Greece's better known islands).

In high season, I hear, it is crowded: even the locals admit that, and in apology point out that it is only small and has a northern coast too rugged to be relevant to tourism. What they hesitate to agree is that there is very little to *do* apart from sunbathe and swim.

That is one of the mysteries of these Greek islands to me: surely you can't spend a fortnight lying on a strip of sand, or various strips of sand, however manicured they may be, however efficiently they provide "water sports" to disrupt the peace of the rest of us, without noticing that there is little else to *do*. (It should be added, very politely, that no-one has ever suggested that you can hope to eat well in Greece.) But of course, many, people are happy to do that.

There is some very pleasant walking, not too demanding, on the forest paths that cross the hillsides and rise, not at all steeply, to 1,500 feet; there are no antiquities or sites of interest; there are some modest monasteries and an unimportant museum, and there is the usual nightlife in season, with noisier discos sensibly located near the airstrip.

All of this is intended to sound complimentary (and I emphasise that the beaches are very good, the green landscape deserves everything the guidebooks say, and the Skiathos palace is one of the Mediterranean's more civilised resting places), but Skiathos, for my taste, is a mite tame. Move on, then, to the east, to Skopelos.

That is a different world already. A long, thin island, the north-east coast rocky and battered and inaccessible; less "developed", of course, with the villas and small hotels of a Mediterranean Third World, and yet with a distinct charm of its own.

It is not quite as forested as Skiathos but this is still a countryside lusher and more colourful than is typical of Greece.

There is wild cyclamen and a species of yellow broom – and heather in dense dwarf bushes in autumn – and honeysuckle, and pyracantha as tall as trees, all growing together with the bougainvillea and hibiscus and oleander of the gardens. Then there are the pleasures of autumn: ripe apples and pomegranates, squashes heavy on the ground, the dull glow of lemons in the leaves, grapes already cracked and drying, blackberries galore (sweeter than ours), and roses everywhere, lingering towards the winter.

The port of Skopelos is good news, a small and lively town full of shops and welcoming restaurants and a graceful tree-shaded corniche, but you will want to cut loose and venture out on the island's only road, through the olive groves, over the gap and on to the 20-mile route to Stafilos, Aghnostas, Panormos, Elios (all of them beaches) and eventually Loutraki, the ferry port at the foot of Glossa on the cliff. Stop a while in each deep inlet, make a day of it, the sea is warm and sheltered and, in the low season I am describing, you will be alone . . .

A quiet, limited, rewarding place.

Do you go on, ever eastward, to Alonissos? Now you are getting closer to the realities of Greek island life. The centre of the island is a small working port, so there will be a coming and going of trucks and tractors outside your hotel balcony; the old men, and the not-so-old, drink coffee for hour after hour on the quay; the young go off to Athens, or to sea. This is the simplest and poorest of the Sporades and therefore least likely to be crowded. It has just a couple of miles of tarmac so you need not even consider hiring a car, even if one were available. Most of the island is inaccessible except by hard walking or by *caique*, which has to be part of the fun of a visit.

This is an island not just for the anti-social, like you and me, but also for those who believe that a green Greek island is a contradiction in terms. Alonissos seems to miss the rain, which means that it is much browner, poorer, than its neighbours; in sympathy, the beaches are pebble rather than the sand of Skiathos.

Not that the landscape is as rigorous as, say, some of the smaller Cyclades – there are marigolds and jasmine and wild honeysuckle in profusion, but none of the impression of the other Sporades of dense pine forests springing from the edge of the sea. It looks sparser than perhaps it need because the traditional agricultural system offers sad evidence of having broken down.

Indeed, you might decide that there is something spooky to the place. You are not surprised, somehow, when you are reminded of the great earthquake which destroyed Old Alonissos on top of the mountain in the '70's and drove the islanders down to the new breeze-block streets of Patitiri, the port. This new village is not unpleasant but there is not much character to the place: you cannot put your imagination to it, said my companion as we sat, perfectly comfortable but under-enthused, on the seafront one evening.

It is when you climb the hill to the old town that you begin to realise the burden of the discontinuity on this island between the old society (the Castro on the mountain top) and the new (the working port where the population was resettled, not always cheerfully). It provokes questions about the future character of the Greek islands in general, as the waves of tourism break upon their shores.

Old Alonissos is a dead village, totally destroyed by the earthquake; it is now being rebuilt and done-up by aliens like you and me, Germans, English, Americans and the rest. The panoramic views of the Mediterranean and the distant mainland are staggering, and many of the new houses are charming, of course, but the place is still a ruin – every restored house is surrounded by crumpled ruins and, alarmingly, every building, new as well as old, seems to be for sale. There are serious problems of water supply which some of the newcomers may not have realised.

Outside the short "season" I found only one taverna, a pizzeria which had closed the previous week, a couple of amiable English drop-outs, and not a whisper of a Greek. There seemed no sense of a community here, nor much prospect of one; you suffered an overwhelming sense of being isolated from the coast, from the port, from the islanders, from Greece, so that the place became eerie and dis-spiriting. A few miles to the north across unmade tracks there were said to be seals cavorting in a heavily-protected nature reserve. There is talk of an airstrip on the opposite hilltop but everyone knows that it is a nonsense. The island, which must once, surely, have had its own special identity, seems to lie under threat.

A threat of what? Perhaps no more than the simple and undisastrous prospect of a future as the poor cousin of Skiathos; the younger sibling of Skopelos. There can be worse fates.

■ *Travel facilities for our correspondents were provided by the Greek Tourist Board and Olympic Airways.*

Athens: it has compensations

***Kerin Hope** looks for reasonable hotels and quiet corners*

WHATEVER drawbacks there are to Athens, there are compensations to be found while waiting for the boat or aircraft for your journey to the islands or mainland. If price is not important, you can head for the luxury hotels and swimming pools of Vouliagmeni, close to the airport. The view from the terrace bar in the Arion hotel when Mount Hymettus turns violet in the evening is as spectacular as any from the jasmine-fringed balconies around the Acropolis.

An alternative is the Pentelikon in Kifissia, once an Athenian summer resort but now only a suburb. It has a good-sized pool and tennis courts. Despite the encroachment of pizza parlours and hamburger joints, a good many Kifissia tavernas stick to old-fashioned ways, stubbornly clinging to their paper tablecloths and retsina from the barrel.

From Kifissia it takes an hour to drive across the slopes of Mt Penteli to the mound near the sea that marks the ancient battlefield of Marathon, and serves as the starting post for modern marathon races. Twenty minutes farther north is Skinias beach, a long stretch of sand where the water stays clean throughout the summer.

At the other end of the scale come the pensions in Plaka, beneath the Acropolis rock. Gentrification is setting in, which means more hot water and a less spartan breakfast. The Hotel Phoebus is more in demand since making an appearance in the TV version of Olivia Manning's Balkan trilogy.

The Acropolis House, with high ceilings and creaking floors, preserves the atmosphere of an old-fashioned Athenian home. But with only 19 rooms it gets booked up fairly far ahead. The Athenian Inn, one of few hotels to be found in Kolonaki, the shopping district below Mt Lykavettos, is well run and properly air-conditioned.

Both the Acropolis and the National Museum are crowded to overflowing in summer and best avoided. Although Athens is fairly short of imposing remnants of its classical past, smaller museums and less popular sites generally turn out to be worth the trouble of tracking them down. The Thisseion temple in the Agora , the ruin-strewn ancient marketplace, makes no claim to being an architectural masterpiece but is satisfyingly well-preserved and refreshingly cool inside.

The fleamarket next door in Monastiraki took on a new lease of life recently with the arrival of the Pontians, ethnic Greek immigrants from the outer reaches of the Soviet Union. They made up for not being allowed any foreign currency by bringing with them the contents of a Party officials' supermarket in Uzbekistan. Jars of caviar, linen tablecloths, carpets, microscopes, even rubber dinghies and sets of surgical instruments are piled on the pavement, watched over by sharp-eyed grandmothers in black.

Another place for lingering in a spot of shade is the Kerameikos cemetery, 10 minutes further away. The gravestones were put up by wealthy ancient Athenians; the atmosphere is peaceful rather than melancholy and the museum uncluttered by groups of tourists. This is the place to get effortlessly acquainted with ancient vase-painting: by strolling around a gallery filled with the finest pieces from the tombs.

The new Acropolis centre, a barracks-like early 19th century building opposite the Theatre of Dionysos on the south slope of the Acropolis, houses a museum that explains in diagrams and models how the Parthenon was built – as well as exactly what happened on the day in 1687 when it was unexpectedly blown up during a Venetian siege.

Also in the not-to-be-missed category is the Cycladic museum in Neofytou Douka Street, displaying the best of several private collections of antiquities put together by Greek tycoons.

Athenian eating is more eclectic than ever, though a decent meal is still hard to find. The best *souvlaki* stands around Monastiraki – identifiable by long queues – are difficult to beat. *"Fastfootzadika"* have sprouted all over the city, offering everything from quiche and chips to Greek cheese pies and *radikia*, cold boiled greens. But the *ouzerie* takes over at lunchtime, though drinking ouzo is not obligatory. The variety of *meze* is what matters: small helpings of marinated octopus, or stuffed vine leaves, or garlicky mussels or salad: the list can be endless.

Apotsos, in an arcade at the Syntagma Square end of Panepistimiou Street, is the most atmospheric. The clamour of political argument bounces off marble table-tops in a cavernous space decorated with yellowing advertisements rescued from previous premises. It stays pleasantly cool in summer. Outside, Perix, on a terrace opposite the St George Lykavettos hotel, has a variety of fish *meze* and more comfortable chairs.

In the evenings, the liveliest bars surround Exarcheia square on the scruffy northern side of Lykavettos hill. Some of the tavernas here also belong in the defiantly backward camp; in a crowded courtyard at the top of Mavromichali Street (recognisable by its tall green doors) you can eat village food, black-eyed beans and oddly shaped lamb chops, and drink the kind of retsina that rarely leaves a hangover.

■ Hotels: Arion Astir Vouliagmeni, double room around $180 (£95) a night, tel: 8960-211; Pentelikon. $220, tel: 8080-311; Athenian Inn, around $70, tel: 7238-097; Hotel Phoebus $50, tel: 3220-142; Acropolis House, $50, tel: 3222-344. An air-conditioned taxi with English-speaking driver costs around $140 for a day from Caravel Travel, tel: 3222-256.

Greek sentries in their traditional uniform

The Princess who thinks she's a Queen

***Andrew Anderson** takes to the ocean waves on the latest, biggest, ritziest super-liner and pretends that he can afford it all*

FIRST impressions count. The *Crown Princess* is big, seriously large – 804 feet long, 160 ft high and weighing 70,000 tonnes. At first sight, even at berth in tatty old Piraeus, she is tremendous, dwarfing the clanking island ferries like a white shark among minnows. "Blimey!" said my wife, and she was right.

Crown Princess is the biggest and newest of P&O's passenger fleet, built in Italy's Fincantieri yards, launched last June for trial cruises in the Mediterranean and carrying a good deal of P&O's hopes for the future, as well as up to 1,564 passengers. Some cruise ships are hardly more than very large yachts. The *Crown Princess* takes a different tack. She is a floating block of flats masquerading as a five-star hotel which is pretending to be a ship.

She is P&O's biggest vote of confidence in the cruise market. While package holiday operators scrabble for cash-strapped customers, many of the high-worth, predominantly middle- to upper-aged cruisers have never had it so good.

Wednesday, Piraeus. We board at 5.20pm, after a flight from London, to sail from Athens to Cannes via Naples, Livorno and Portofino. Those who are paying – £1,595 per person for an inside cabin, £5,475 for a suite – will also take in Barcelona, Gibraltar, Lisbon, Vigo, Le Havre and Southampton.

No-one can find our cabin. This is understandable, what with 1,500 people flapping around the foyer, which is three storeys high with sweeping stairways and a grand piano.

We find our cabin – sorry, *stateroom* – with the aid of a map like a silicon chip diagram. The cabin is large, comfortable, five-star anonymous: twin beds, walk-in wardrobe space, dressing table; toilet and shower room shoehorned in. We can see the murky Aegean and dockside cranes through a picture window. We set off to explore.

Out of the cabin, turn left, past the coffee bar and foyer. Up the stairs, past the jewellery store and boutique, into the cavernous International Show Lounge. Double back, up one floor, through the Stage Door bar, down one floor, into Kiplings bar, past the Intermezzo lounge, into the vast Crown Court restaurant – 1,500 people in two sittings. Out again, up one flight. Other explorers appear. Some are lost. "Gee, this is real *big*," says an American.

We find the sun deck, at the top of the house. There is a jogging track. At the rear, a small lounging area and the Café Cabana self-service restaurant. Then the main sun area, with two rather small pools – and the Dome. The Dome is what makes the *Crown Princess* different. The ship's designer, Renzo Piano, of Pompidou Centre fame, had in mind a dolphin gliding through the water for his blueprint. The Dome is the dolphin's head, a smoothly curved roofed observation area with huge windows, a bar, band/dance area, casino, and ranks of slot machines, all oddly dark and silent.

The *Crown Princess*: a radical design for a cruise ship, but the concept remains much the same

Architecturally, the Dome is stunning. Socially, for the first week at least, it is a dead duck, or a deceased dolphin. The *Crown* is Italian-registered, and under Italian maritime law no gambling is allowed in the Med. The slots will remain silent until Gibraltar. Even bingo is not allowed. That, plus the Gulf troubles, has led 10 per cent of (mainly US) passengers to cancel, including some high-rollers from Maçao. Until Gibraltar, there is a hole at the heart of this ship, and it will show.

Dinner is called. Cruisers take eating seriously. Dinner can be chosen from seven courses. My sauteéd mahi-mahi fillet Grenoblaise with lemon and capers is the best mahi-mahi I have ever eaten. Indeed, it is the only mahi-mahi I have ever eaten. The "Captain's Choice" of wines includes Mouton-Rothschild.

Our fellow diners provide a snapshot of the passenger list: mostly American, monied, talkative, with tans like well-worn leather. Several are self-made men with their spouses, and there are a couple of retirees. The women wear scarlet varnish on inch-long acrylic nails. All have cruised before, and find it hilarious that my wife and I have never done so.

Thursday, Athens. The *Princess Patter*, the ship's newsletter, informs us that there will be tours of Athens, Attica, Corinth and Delphi; that the film is *Driving Miss Daisy*, and that comedy juggler Thien Fu is topping the bill at tonight's gala showtime. We pass on Athens, which is strangling itself in smog, and baulk at the $79 price tag per person for the Corinth tour – indeed, taking every theoretically possible shore tour over the two weeks would cost $1,700 per couple.

We are in a minority of stay-on boarders, and have the ship largely to ourselves. Now *this*, to me, is cruising: slumped in alternate sun and shade with a good book, cool beer, a sea breeze and a pool. The predominantly young and English bar staff waft by periodically. I accept the offer of an Electric Lemonade cocktail – three white spirits topped with tonic, for $3.50.

Friday, at sea. Getting the *Princess* out of Piraeus harbour is like reversing a juggernaut around Hyde Park Corner. Once under way there is no vibration or sense of movement at all.

Tonight is formal night. The captain, Nicola de Stefano, is short and rotund with nimble feet, pudgy hands and a reassuring pipe. He confesses that his worst fear at sea is making a speech welcoming the passengers aboard. He introduces his fellow Italian officers, the biggest cheers being reserved for the ship's doctor, who looks like Valentino. There is a rustle of sequins as 700 matrons palpitate.

Saturday, Naples. You might not see Naples and actually *die*, but several passengers have their gold chains snatched. Pompeii sounded a better bet. The size of the site is staggering, though creeping vegetation is threatening again to bury what has been painstakingly unveiled. The guide shrugs: "Yes, yes, Italian bureaucracy, what can we do?"

Although we are in Italy, tonight's dinner has an olde English theme: beef, ham, etcetera. We begin to hear mutterings about the cooking: "Not up to usual standards," is a common phrase, although few stop eating. An American offers a different perspective: "It's a new ship. They're still getting things right. You just have to sack the chef and all his staff, that's all."

Merry Englande continues in the Show Lounge, and reality becomes warped. After some singalongs, eight male and eight female passengers are pulled on stage. They must hold a balloon between their thighs, waddle across the boards, and burst the balloon by dropping it in the lap of a crew girl or boy. Most contestants are in their 60's. It is all good dirty fun. The crowd roars.

Sunday, Livorno. Those who wish can do Pisa and/or Florence in 4¼ hours, by coach. The decktop Jacuzzi looks more tempting. In it is a carpet fitter from Southampton, flown out to Naples by P&O for some emergency repairs. He is sipping a beer, eying up the bikini-ed dancing girls, and looks as if all his birthdays have come at once. "Blimey, wotta ship, eh? This'll make the *QEII* look sick! It's brilliant! I've never been inna jack-oozi before. Wossit meant to do, anyway?"

Monday, Livorno. This tiny Italian village is enchanting and ludicrously expensive. Sitting in a dockside bar, lesser mortals admire the great ship riding at anchor and wish aloud that they could board it. I fondle my cruise card and order another bottle as if I could afford it.

Finding a consensus of opinion among passengers is more difficult. Here are some random quotes. "Better than the *QEII*." "Good, but not as good as the *QEII*." "It will be better in a year or two, when they get British officers and a new chef." "The best ship I've ever travelled on." "Too big to maintain service quality." "My Scotch salmon was *grey* last night." "The pizzas are fantastic." "I prefer a smaller, more intimate ship." "Great! So many people, so many things to do! It's big and it's beautiful!"

Later we meet a couple on their 59th cruise, travelling in a deluxe suite (£5,475 per person). She drips diamonds; he owns California. Why do they cruise? "Listen," he says. "We always travel first class, but airports are such hassle. Here you just unpack your bags and relax. You do what you wanna do, it's all taken care of. You don't have to worry. Sure, the food ain't so good, but give it time. It's a new ship, it'll get better. I've travelled just about every cruise line in the world, and this is gonna be a great ship. Give it time."

Tuesday. Cannes. End of the line for us. The tender noses in to Cannes harbour between the mega-yachts. Offshore, the *Crown Princess* sparkles like a vision: her pristine whiteness almost burns the retina. Reality does not yet quite match the image. Perhaps it is always so.

■ The Crown Princess is in the Caribbean this winter. From the end of April she will be in the Med, at a lead-in price of £1,460 for 12 nights, including flights. Then back to the Caribbean, where the lowest price for the winter of 1991-92 will be £895 for nine nights (again, including flights). Details: Princess Voyages, 77 New Oxford St, London WC1A 1PP, tel: 071-831-1881.

The storm after the calm

John Brennan talks to some typical players in the property market

THE PROPERTY industry will not forget 1990, much as it would like to. It has been a year of false dawns and failures. In the residential market there has been plenty of talk about "realism", but since too many vendors still resist the evidence of lower prices sales activity has not revived substantially.

For every nervous vendor there has been a nervous prospective buyer, either waiting – in vain – for some clear-cut sign that the market has turned, or trying their hand at bargain hunting in an ineffectually aggressive and inflexible way. While many agencies have begun to bring the two together, their efforts to get the market moving tend to be undermined by colleagues who continue to pander to vendors' hopes of a return to 1988 values, or who have failed to dissuade scavenger bidders from wasting their time with 1930s scale-offers. As the industry looks over the edge of the year into an uncertain 1991, here are the stories of a few key players in a market where subjective judgments shine through and dazzle any amount of rational analysis.

The negotiator's tale

It isn't cashmere, but the V-neck is designed to look as if it might be. The rather too narrow Enrico Valeri silk clubstripes came from a Tie Rack sale. The shoes are chain store mock Gucci. The other suit is the Chester Barrie kept for interviews, this one is from Austin Reed. The packaging is passable, it's the eyes that are the give-away. He's frightened.

It's a young estate agency negotiator at the end of 1990, an enthusiast whose certainties have been ripped away by a change in the market that he still cannot understand.

In 1986 he quit his first job as a trainee store manager to join a expanding South London estate agency. Everyone knew that property makes fast fortunes, that it's the safest investment, and that you don't sell houses, you assist people to make a successful "trade". He switched from £8,000 a year cramming on to the Tube each morning to a job with the keys to a hardly used VW Golf, a mobile phone and a £10,000 salary doubled by commission in year one.

It was a tea stall to wine bar move that would lead, before 30, to his own agency business, a place in the country and an investment flat in town. He'd dabble in the development market. Anyone who knew the auction scene could pick up a good, under-priced unit or two, and the bank manager had been encouraging.

In 1987 he was head-hunted, twice. By the start of 1988 he was a manager responsible for the latest branch office and confidently showing the "kids" at the other negotiators' desks how to fill the windows with the best properties. The old duffers in the established agencies could not keep pace with his sales pitch. Vendors loved his energy: "name your price" he'd say, "and we'll beat it".

And he did. A quick run through his commission notes made it plain that he would be well over his personal target of £50,000 by the year-end. The bank didn't look twice at the figures when it agreed a £200,000 loan on his new flat. He had cut a good one from the pack, the developer told him it would be worth twice that inside five years. The bank manager bought him lunch.

A couple of exchanges fell through that spring. But you expect the occasional fall-out. There was a lot of noise about the Crash of '87, but it had nothing to do with his market. People had to realise that this emphasised the value of property; the smart money was quitting stocks and moving into real estate. Property values only go one way. Stocks and shares are too complicated. You can make money tax free trading up on houses.

It was quiet that summer, and he had to get rid of one of the "kids". It was a shame, but the partners said there's a queue round the block when we need more, and it saved replacing a car. On the positive side, anyone could see that the office had the best properties in the area. It was quiet, but what could you expect after the "short-sharp-shock" of interest rates in the autumn?

That winter was nasty. He had to explain about the commission shortfall to the bank, but they agreed that things would be different in 1989. The manager expected rates to be down by the spring and then it would be business as usual. He bought the manager lunch.

After the partners' meeting in March he had agreed that it was no problem to run the office single handed. It wasn't the partners' fault, they'd got in some cost-accountants who obviously didn't understand the business. He met them once and had explained that one good sale made all the difference, but they'd looked blank and kept on about overheads and contributions. They didn't realise that Central London agency is all about fast dealing, catching the tide, whipping up theatre for the punters . . . But where were the punters?

1990 was to be the year when things got back to normal. He had the neighbouring photocopier shop blow up a newspaper headlining the next housing "Boom". That went in the window alongside property particulars overstamped with "Realistically Priced" signs where the vendors wanted the asking price cut for a quick sale. He'd advised them to hold on, but some couldn't afford to. Now he sold the "realism" line. If they cut prices just a bit it would bring the buyers back in. They'd been grateful for his advice, but seemed nervous.

He knew the feeling. The bank manager had been surprisingly short when he'd called about rolling up interest for a few months on his flat. Basic salary doesn't go far on its own, and with those blasted accountants looking at all the paperwork, living off expenses was impossible.

Forecasts for the summer were great. Sales would pick up as pent-up demand surged back into the market. He'd read that in the papers and used the argument to calm the clients. He'd have told buyers as well, but as he'd explained to the partners anyone could see that the office was off-pitch. Still, now that people were being realistic there was no reason to hold back and plenty of deals did get started. Each time they got stuck there was a special reason. It was odd that 1990 seemed to be full of such exceptions to the rule because everyone knew it was the year of recovery; just look at that pent-up demand. When you stopped to look at it you could call 1990 a proper boom year but for all those hiccups blocking deals, clients' losing their nerve and cutting prices.

Last month he got the letter. He'd never read the contract of employment because he didn't have one. Property's a handshake business, a people business; you shake and it's a deal. He went straight over to the partners and they were sorry but it was those blasted accountants again. They'd explained that the office was closing and he could leave the car keys with them, now.

He called through his business contacts book and put the word out that he could take up their offers. He'd been cramped at the last firm anyway since those suburban accountants had started calling the shots. His contacts knew just what he meant, things were tough everywhere but he was to be sure to call when he got himself fixed up.

He's confident about 1991. There's the lunch date lined up with a senior partner of a real go-go agency. Can't name names, but the secretary had been certain that he'd be keen to meet. It had been difficult to marry diaries then and there, so it was better if he called again in the New Year.

He does have a firm date for the meeting at his bank. That's with one of the branch securities' clerks, but that's obviously a mix-up. The manager can't have known about the letters his people send out. You'd think they didn't know that 1991 is shaping up to be a boom year for property. As for the job, well, there's no rush, just think about it . . . seriously, could the sales agency world afford to lose someone of his experience?

The developer's tale

He's unavailable for public comment. But off the record and over lunch, a "reliable source" who is, shall we say, close to him, confirms his "constructive relationship" with his bankers. It would be fair to say that he looks forward to 1991 "with confidence as the year when normality will return to the market".

Over coffee the same source believes that people should be made to understand that this is a "professionals' market" where efficient management ensures the survival of the fittest. He cannot be quoted, but it would do no harm to mention that he's in discussions with a major international funder who takes a long-term view of the UK residential market – which, by the brandy, is more than can be said for those blood-sucking clerks down at the bank. That's not for the record, you understand.

The journalist's tale

As she explained, she'd given the minister a bit of a dressing-down. Fancy his now knowing that Count Borero had a little place in the Torra-El-Cid Marina. It sounded like a fascinating meeting of minds, but just then someone important arrived.

She darted away to remind him that they had last meet in the VIP Lounge at Heathrow in '85. He'd been awaiting a flight, she'd been on the way to that 2,000 villa scheme that Michael van-Wildings, COUNT Michael van-Wildings, was building for just a few friends and selected members of the public on that charming former oil derrick wharf in Costa Del Marketina. Then she was back. You had to realise that proper property writers really have to know their subject. No offence, but the real specialists get to hear of things. She's gracious in explaining that the property boom will be delayed until mid-March 1991, then prices would go up 10 or 20 per cent, or something. The figures sound impressively vague, but apparently not. They are real. They are in the press release, and she has a quote.

It seems that everyone knows that interest rates are being cut. No, sterling's weakness and curbs on rate cuts to stay within the bands of the ERM are probably very interesting, but they are not what her readers want to know.

You must be positive in print. Her readers expect it. They want facts. No one reads all that financial and political stuff anyway. And the fact is that there's a wonderful estate just being brought to the market in Hampshire that a certain Lady X has decorated beautifully.

No-one would be surprised if it sold first thing in the New Year, the agents said as much. She has to leave, there's a column to write. Her readers await.

Bank manager's tale

A man of certainty with a Rotarians' badge and an office decked in multiple-issue light oak. He smiles, as bankers learn to do, and explains that there is nothing like residential property; the whole banking system is based on it. And yes, property prices do go up, not down. The past few years have been an exception to the rule.

His branch's mortgage repayment figures are holding up. There are a couple of problem customers, but you'll always get a few of those. As for the property market, well, that's obvious. The government, or someone, will have to get prices moving again. Houses are what lending is all about. They're the security for all these new business ventures. No, of course banks don't back business ideas. Just look at the German banks; he's heard that they actually hold equity in companies. Imagine the number of forms necessary to sanction such an arrangement, and where's the security? Housing, that's the thing. It always has been, it always will be. That's just the way it is.

The year of dirty tricks

Robin Lane Fox reflects on the vagaries of Mother Nature

IN 1990 nature threw almost every surprise at us. Gardeners have had a hard time of it, the worst time of any group in the *Weekend FT* orbit who do something for art and fun. The winter was not a winter; the spring was deadly, a dry, dry spring with only the briefest respite in late June; between July 12 and October my garden had only two hours' rain; since December 8 snow has been lying in our hedgerows reminding us that myrtles are a gamble in most of Britain.

At first, owners of old and settled gardens could not see what the fuss was about. The mild season had shown off their mature camellias and early rhododendrons very handsomely; the damage was evident if they lay in the path of the big storms, but otherwise the calendar had merely leapt forwards a few weeks. By early summer the borders were ahead of themselves, but the flowers were held for weeks on the old-fashioned roses and no rain spoiled them. Old fashioned roses are increasingly important to gardeners' impressions of a good summer.

The troubles caught even the owners of old plants and trees in the end: by late July, everybody's lawn looked desperate and we were all struggling.

The two great losers in 1990 were the blessings of the modern wholesale trade: peat-based composts and polythene tunnels. During February and March, I planted quite a range of herbaceous plants. Their young roots had grown like thin cotton into the nursery trade's apology for honest earth. I delayed planting anything which had its top growth brought on too quickly under plastic tunnelling: impulse buyers will only buy plants with fresh green leaves, but they are not the plants for a cold or difficult spring.

Eventually, I planted some of them in early April, whereupon we had that extraordinary combination of a severe morning frost and a midday temperature which soared up

to the levels of early summer. Like travellers in an Arctic summer, plants suffered frostbite and then sunburn within the same eight hours. Anything which was too precocious was turned to a blackened mess: the weaknesses of container plants for the mass market were cruelly exposed.

For the next two months, drought sorted out any survivors. If you had planted anything in a light, dry nurseryman's compost, it was extremely difficult to keep it going. The roots were either too tenuous or too tangled and the compost round them dried up rapidly. Next year, I will stick to my old resolution of buying truly hardy stock or open-ground plants.

In early summer, however, there were still some successes. Roses were amazingly floriferous and there were superb curtains of flower on some of London's climbing Banksian varieties. Pale yellow Banksian roses love a warm summer which is followed by a mild winter.

However briefly, less hardy shrubs like ceanothus, abutilon and pink-flowered escallonia were marvellous. In mid-June, I was bowled over by the large-flowered Ladham's variety of the evergreen Carpenteria against a wall in a Berkshire garden. Nurserymen now offer a few plants of this large white form yearly (see the *Plant Finder* for details).

Perennial wallflowers have been revived recently in the trade: they loved the dry April as much as violas hated it. In my garden, salvias took over (I recommend the little-known one called blancoana) and then the many forms of verbena rescued something from the rest of a blazing summer.

The tall Verbena bonariensis is not fully hardy, but it has proved its value in the last two dry summers. It comes up through the middle to front row of the border during July and stands well clear of the tangle without spreading too far sideways. The lavender-mauve flowers are not the ideal colour, but they seed themselves freely and seem to fit in to gaps where we would never think of planting them. At ground level, the pale pink Verbena Silver Ann still strikes me as the best of the family, although it is not hardy.

By autumn, the setting of every garden looked dreadful, but there were still some winners which had revelled in the heat. Against walls, the big white-flowered Magnolia grandiflora had the best season I can remember in Britain and flowered madly in the heat. So did the red-flowered climbing Campsis, the half-hardy buddleias like colvillei, the passion flowers and the lovely white form of Solanum jasminoides which has still not been defoliated by the first frosts.

If you really believe that global warming has hit us, you will be ordering the upright Afghan sage, or Perovskia: its spires of pale blue flowers and its grey outline revel in dry conditions and it was one of the the few successes in August. Afterwards, there was nothing for it but to look for hardy cyclamen. These flowers will have to be made the emblem of our new warmth if it ever materialises. For two years, all their varieties have flowered wonderfully, including the forms which experts shelter in cold frames.

However, these small oases could not make up for the extreme unhappiness of everything else around them. Trees turned colour early; phloxes shrivelled; it was an awful year to be related to a buttercup.

Personally, I lived in the private world of a marvellous memory in springtime. The weekend of March 17 had found me standing in sunshine as warm as midsummer among those exquisite old magnolias in the Hillier arboretum in Hampshire. Will we ever see such a year for them again? No early frost had spoiled trees of pink and white flower from top to bottom which gave off a rare and magical scent in the sun. Mother Nature must have been reading this column: two days later, she sent sharp frost to spoil them all, warning us that 1990 was emphatically her year for dirty tricks.

A true jewel of a pansy

Arthur Hellyer enjoys strong colour . . . in the right company

I HAVE NOT seen any seed novelty for 1991 quite as outstanding as the two races of multi-flowered geraniums, Multibloom and Floribunda Sensation, introduced last year but the one that has taken my eye most is an orange-flowered pansy called Paparadja.

Until now we have had nothing in this colour class other than apricot and this gold medal-winning variety does bring the pansy into new territory, for it is pure orange throughout, with no pansy blotch. The name, I am told, comes from a rare Sri Lankan jewel. It is not a winter-flowering variety and can be sown just like all the old-fashioned pansies: either in February/March under glass for planting out in April/May for summer flowering, or sown outdoors in June/July for flowering in spring and early summer the following year.

This pansy did well in all the trials in which I saw it growing last summer, and so did a new all-orange bedding geranium named Orange Appeal. This also seems to extend the geranium colour range in seed-raised varieties, for we have never, I think, got nearer to this than orange red. Another award-winner in the Fleuroselect trials, itcertainly caught the eye wherever I saw it.

Other medal-winners in these very extensive trials were two low-growing, ground-covering annual pinks, or dianthus, both with bi-coloured flowers. Those of Raspberry Parfait have a crimson centre with a light magenta surround and those of Strawberry Parfait have a deep red centre and light rose surround.

I listened to many comments, and some people thought them too garish to become really popular. Personally I liked them both, but I do enjoy strong colour in the right company. They should be grown as half-hardy annuals.

Cosmos has been getting a lot of attention these past few years, particularly directed to decreasing their height and improving their flower display.

There is a really good new one this year, named Sonata, which is only two feet high and has large, pure white flowers with the usual yellow centre. It should not require any staking and could be used in summer bedding schemes or in mixed or herbacious borders to keep the flower display going well into the autumn.

Everlasting flowers, for use chiefly in dried flower-arrangements, have been in increasing demand for some years, and many improved varieties have been introduced, but I have not seen any variety of limonium (or statice in some catalogues) as short as Dwarf Biedermier, which is only a foot high.

This obviously needs no staking and is an ideal garden plant – perhaps not as versatile for flower-arranging as the normal two- to three-foot-high varieties but useful for small arrangements and groundwork.

It is only available in mixed colours. Suttons Seeds is offering a statice of normal height called Sunburst in five separate colours, rose, pale blue, dark blue, yellow, and white, and also as a mixture.

Aquilegia Nora Barlow is by no means a new plant and some experts think it was known in Elizabethan times. It is distinctive in form with double, very short spurred flowers that are rose-coloured, tipped with lime-green.

This is a plant that is normally increased vegetatively to keep it entirely true to type, but Mr Fothergill's Seeds is offering seed of it and also of a mixture which they call Nora Barlow Mixed, which the company claims gives flowers of exactly the same form but in various colours, some combining two colours, others entirely of one colour. I sowed some seeds a few weeks ago in an unheated greenhouse and already have a potful of sturdy seedlings.

The same company is also offering a strain of Eccremocarpus scaber, named Mardi Gras, which gives orange, yellow, pink, and red flowers. This slender Chilean climber (its popular name is Chilean Glory Vine) is only fully hardy in sunny, mild places, but it has fleshy roots that will often produce new growth in spring, even when all its stems have been killed to ground level by frost. It climbs by tendrils, like a sweet pea, and is completely safe in a conservatory. It can flower most of the summer, and even beyond that, with a little sunshine and warmth.

Genuine, hardy perennials to grow from seed are a strain of hybrid achilleas named Summer Pastels, which gives several different colours, and a variety of Campanula Carpatica, named Bellissima, which Thompson and Morgan claims will be in flower by June if sown under glass in February.

This company is also offering a forget-me-not named Tetra Azur, which it says is a tetraploid, raised by the French breeder, Vilmorin, about a century ago, but which had almost disappeared because it produced so little seed. The flowers are twice the size of those of an ordinary forget-me-not and a very pure blue. Because someone had a good crop of seed this year, presumably thanks to the fine warm weather, Fothergills is able to offer it to customers this coming year, but cannot promise a repeat. Presumably buyers should be able to produce sufficient seed of their own, at least to keep their stocks going.

I have recommended the New Guinea hybrid impatiens several times. The one I have grown successfully is called Spectra and gives a mixture of colours. It appears to be the same as one sold as Firelake. There is also a variety named Tango, which is vivid orange. All make bushy plants a foot or more high, ideal for growing in pots or containers but not recommended for bedding outdoors.

Holidays and Travel advertising also appears on page XIII

The art of your dreams

***Lucia van der Post** on the wacky, the individual and the exotic*

THERE ARE those, of course, who even now are out there hurling themselves at the sales and buying next year's Christmas presents at this year's marked-down price. I do not write for them. I write for those who are shopped out, happy to dream of a land without a merrily ringing till, or a surly shop assistant, in sight.

The week after Christmas is more, it seems to me, a time for contemplation, for admiring without necessarily spending. It is also possibly a time to reflect on the plight of the craftspeople, those who rely on individual commissions, who make the special and the one-off, who are really suffering in the recession.

They have no salaries turning up in their bank accounts at the end of the month, they have telephones and heating to pay for and mouths to feed and while they do not ask for charity, they would like work. So if you have work to be done that requires a fresh, creative eye, now is the time to act.

Order books are low, craftspeople are hungry for work, ready and willing to give you maximum time, attention and – perhaps most importantly – they will be able to do it in double-quick time. A colleague, for instance, who wanted some special cabinet-work done at home and was accustomed to having to join a queue and wait for three or four months, found it could all be started in two weeks and finished in three.

If you do not know where to start looking for the sort of work you might like head first for the Crafts Council Information Service (071-930-4811) or for The Contemporary Applied Arts Gallery, 43 Earlham Street, London WC2 (071-836-6993) where Vanessa Swan runs an excellent commissioning service.

It is also always worth keeping an eye on the Joseph stores at 77 Fulham Road, London SW3 and 26, Sloane Street, London SW1 where Joseph Ettedgui, who has a knack of discovering new and exciting artist/craftsmen, provides a permanent sophisticated setting for the works of a revolving series of one-off, exotic pieces.

All are highly idiosyncratic, the work of artists who would otherwise have great difficulty in making potential customers aware of their existence. None are for the conventional, the timid or the insecure. It is often hard to tell if some of the pieces are furniture or art, meant to be used or just admired. Neither are any of them cheap. But because Joseph Ettedgui is a man with real flair and an outstanding eye all are exceptional, the sort of names that will crop up in the auction rooms of the future.

It is a marvellous idea that pleases both sides. For Joseph the pieces add interest and a sense of excitement to the stores. Shops which have nothing but clothes to display are visually static. "I wanted my shops to be places where people could come for inspiration as well as to buy clothes, where every week they would want to see what was new and what was happening.

"I like to have little groups of special things that I have discovered through the year. Because they are small designers we aren't in competition with the big stores. What is really nice is that we now have a small group of people who come regularly to see what's happening and some who never thought of collecting have started little collections of their own."

The sort of work that you might come upon could be Andre Dubreuil's urbane creations in curved cast-iron or his fantasies in glass (in collaboration with Daum) and cast-iron, such as the vase on a pedestal photographed here.

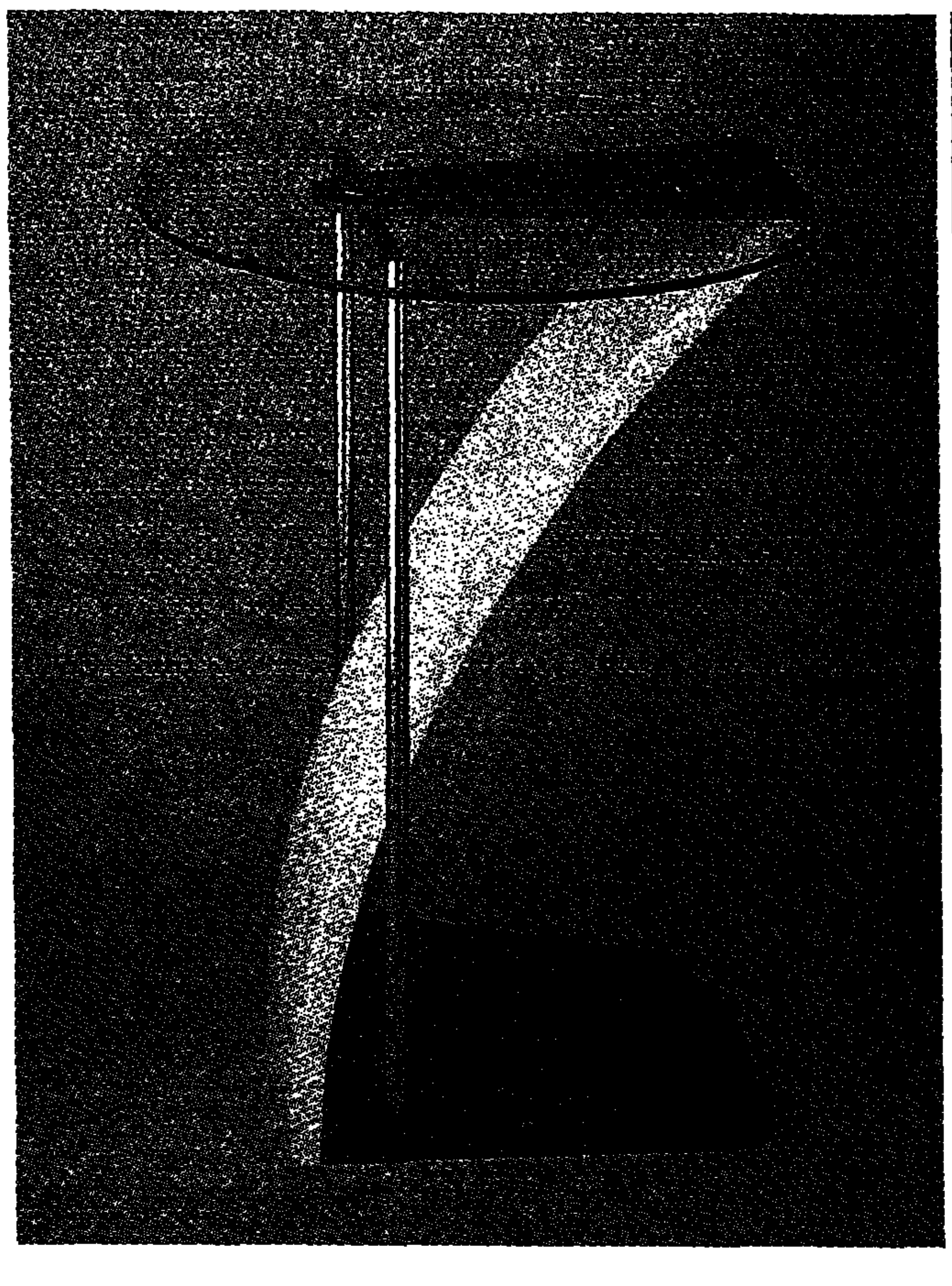
Or you could look at Cebuan de la Rochette's shagreen (sharkskin) curving objects. Regular customers will have seen Scott Cunningham's weird and wonderful combinations of classic forms and quirky detailing – like the rich maple table supported by golden tortoises.

Tom Dixon and Mark Brazier-Jones are two other artists whose work is rich and individual – they originally worked together for their own company, Creative Salvage, but they have gone their separate ways. Tom Dixon, as you can tell from the name of the company, loves to work in materials that others ignore like galvanised sheet steel (and very elegant it looks, too). Mark Brazier-Jones has developed a richly fantastical line all his own, enticing metal into flowing liquid lines.

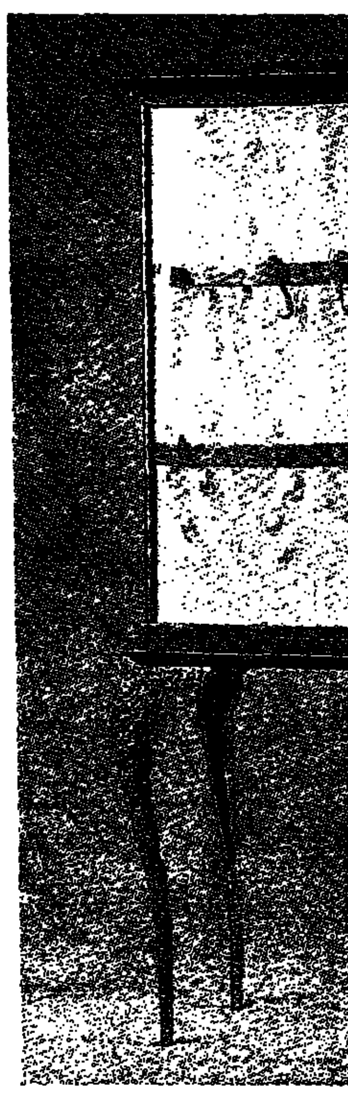
Often these designs combine well-known materials in unconventional ways – fine maple and galvanised steel, glass and curving wrought-iron, metal and velvet.

They will not be to everybody's taste – nothing restrained and austere here – what they all have in common is they are never, never boring. What you may be looking for, however, is less some magical treat for eye and senses, more a practical solution to a household problem.

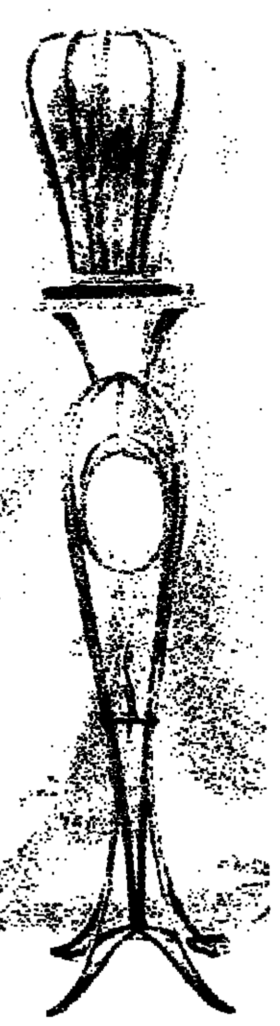
You might consider Pearl Dot of 2, Roman Way, Islington, London N1 (071-609-3169), a company which specialises in making furniture. Most famous, perhaps, for a series of plank-backed chairs, it can do tables, cabinets, sideboards in plain woods and intricate marquetry. The photograph here gives some idea of the sort of work it does.



Above: Small side-table by Pearl Dot



Right: Glass cabinet combined with metal frame by Mark Brazier-Jones, at Joseph



Left: Shanghai vase on a pedestal by André Dubreuil at Joseph, 77 Fulham Road, London SW3

Instant knowledge

MOYRA BREMNER, who made her name with *Supertips to Make Life Easy* and found such a ready audience for her brand of commonsense that she went on to write *Supertips 2*, has now brought out a bumper issue of chirpy handy hints, which takes its name *Enquire Within Upon Everything* (Hutchinson, £17.99) from its illustrious predecessor of the late 19th century.

The sheer effort that has gone into compilation is awe-inspiring. How to keep the rats at bay? (*very* complicated) Read a wine label? Tie a bow-tie? Handle a funeral? Buy a secondhand bike? Organise a mortgage? Sort out a pension? *Enquire Within Upon Everything* will tell you how.

LvdP

Clearance sale in the Highlands

***Michael Wigan** laments a changing landscape*

THE ROARING of the stags has died away. The rut for red deer in the Scottish Highlands closed as November started. In early morning, as the sun burns the dawn mists off the glens, cock grouse are crowing from their knolls, proclaiming territories. In the burns the first spawning salmon have arrived, springers which may have waited nine months to reproduce.

An ancient scene. An eternal scene? Probably not. Radical changes are affecting the Highlands and the next 10 years will see more of them. Why? Economics. The old estate combination of hill farming and sport is under threat.

The winter standby for most Highland estates is the venison cheque – receipts from wild deer shot and sold, mainly to Germany. The larder price of venison has dropped from 75p per pound in 1989 to 30p, torpedoed by east European imports to Germany from economies willing to cut prices to the bone for hard currency.

Venison was worth more in cash terms 20 years ago. The home market's need to underpin a product with excellent green credentials (additive-free, raised on heather moors, killed when fully mature) has always been spiked by ignorance about culinary preparation; by poached and improperly shot and hung meat disfiguring butchers' slabs; and by retailers' refusal to promote venison as a cheap meat.

Traditionally, if the venison cheque did yo-yo, farm prices from hill-bred livestock remained relatively stable. Not so today. The price of lamb this year was 30 per cent less than four years ago. Wool is in surplus, and its cash value static. The value of hill calves, traditionally born in mid-winter or early spring and sold for fattening in November, has dropped about 20 per cent this year.

The values of hill farm products are in freefall. It has become cheaper to eat products than sell them. There is talk of the farming north of Perth (except the arable coastal belt) ceasing to exist. Certainly the 30 per cent subsidy reduction agreed by the European Community will be devastating, unless the government intervenes.

For those estates which sold enough grouse to make a relevant contribution to income, sale receipts have also collapsed. The bird that costs £15 on your plate in a London restaurant is worth £1 at best to the producer. For much game, such as rabbit, there is no longer a market at all in places. Game meat, once the fare of kings, is now sold to game dealers for less than offal

Movements in product values have historically been the engine of change in the Highlands. The glens were cleared in the 1820s because graziers with their wool cheques could pay better rents than cottars with their diminutive cattle, sheep and goats. The great sheep walks then reverted to deer forests when refrigerated mutton shipped from Australasia undermined prices. The repeal of the tax on imported salt in 1825 brought to a dramatic close the kelping industry, which for 30 years had supported west coast communities by rendering salt and chemicals from seaweed.

It might be pointed out that Highland estates have enjoyed a rise in capital values lately, based on their sporting worth, but the increase in capital values has had a destabilising effect. Landowners have fallen into the habit of patchwork land sales: corners of integrated management units now appear on estate agents' lists described as estates, even when no dwelling house is present.

New lodges are then constructed in these remote areas, smart houses for seasonal use, while the small houses of redundant farmworkers are converted for summer holiday lets. Entire estates, for example Knoydart, have been carved up into slices which have then been sold as deer forests in their own right. Possibly no resident deer reside there.

The asset values have mesmerised many landowners, who have studied estate agents' circulars instead of the ground around them. The paradox of growing asset values and diminishing product returns has not been seen for what it is – a short-term distortion.

This is partly because sporting rents have remained buoyant, a situation which may change when the cheaper sporting opportunities in eastern Europe become more widely known. Meanwhile, rivers have been neglected, or spoiled by afforestation, while the bag records are kept up by an unprecedented fishing effort. As the Red Deer Commission has been saying for some years, the population of hinds in the eastern Highlands is too high. Now, when the time is ripe for heavy culling, the meat value has gone.

For a long time, public bodies have ogled Scotland's scenic grandeur with a view to gaining control of it. The Countryside Commission for Scotland's latest report, *The Mountain Areas of Scotland*, commissioned by the government, recommends imposing on the Highlands the very national park system that has turned the Peak District into a peaty mulch and Snowdon to crumbling shale. The stalking-horse for this land-grab is public access. More people want to get in: they must be managed.

The most alarming thing about this piece of drawing-board empire-building is that in the four areas designated for park status – Wester Ross, the Caingorms, Loch Lomond and Glencoe – the management procedures appear to give no precedence or special rights to those who actually own the ground. There is talk of local management forums. How will these make more professional management of a valuable and complex resource such as red deer?

There are two main beneficiaries from the disarray in the Highland estates. Institutions are rapidly becoming substantial Highland lairds. Some, such as the Royal Society for the Protection of Birds, which owns the 31,000-acre estate of Abernethy, have single-interest objectives. The policy of creating a habitat for birds has been subsumed at Abernethy in a programme to reintroduce the post-Ice Age tree cover, mostly with naturally-regenerating Scots Pine.

There are some in the Nature Conservancy Council who would like to see the old tree cover, eradicated by man more than 1,000 years ago, covering the Highlands again, obliterating heather and moorland altogether. There are many other people with individual dreams of how the Highlands should look, most of them with no financial involvement or responsibilities in managing any of it. The dreams of real-life lairds have been tempered by time and the dictates of cashflows.

At the other end of the spectrum from the conservationists – loaded with funds, brandishing a recipe palatable to all political parties – is the land use which is actually replacing sporting use fastest: conifers. The government's planting target, which is mainly aimed at the Highlands, is 81,000 acres a year, a large area to suffer irreversible change.

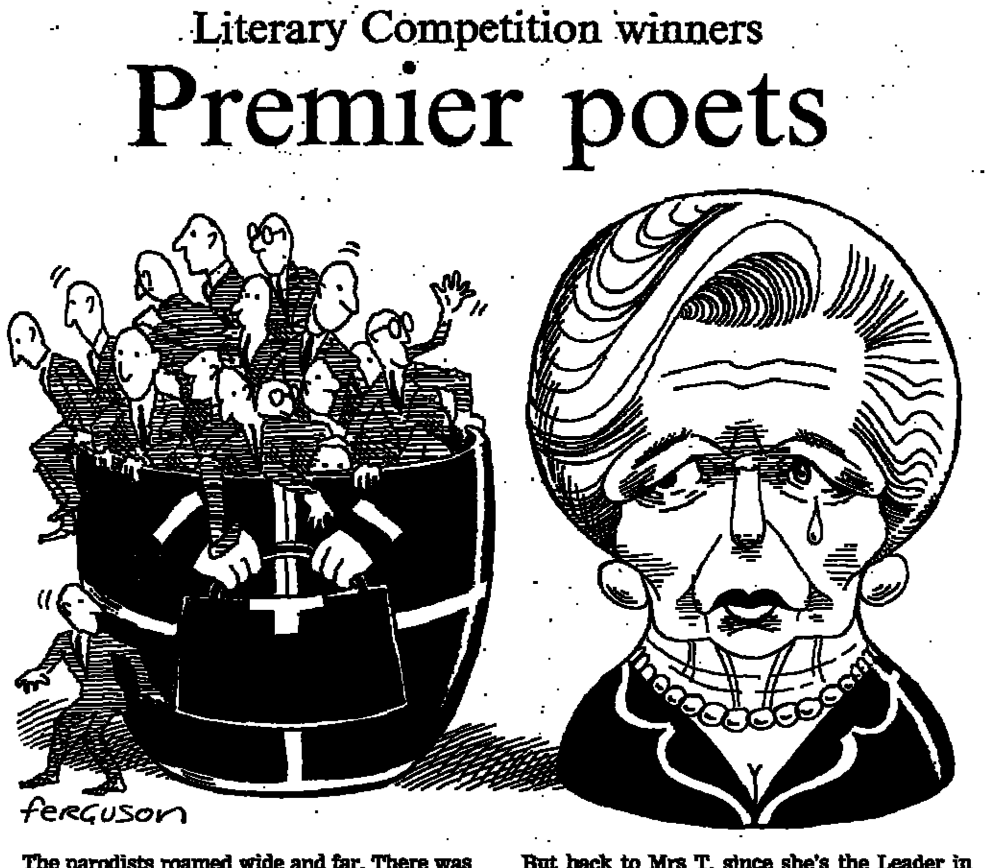
The government, as was shown recently when planting permission was granted for a large area in sensitive Glen Dye, is minded to approve forestry. All that has prevented conifers covering Scotland more quickly is the slow release of plantable land. When hind culling becomes an expensive duty, when hill farms are forced into open unsubsidised competition with Antipodean sheep ranches and when the lairds see asset values start to slip, the planting companies have only to let the plum moorland fall into their laps.

Monarch of the Glen: but for how long?

BOOKS

Literary Competition winners

Premier poets



THIS YEAR the first of our two Christmas competitions challenged you to write a poem on the theme of "The Lost Leader" – not necessarily in the style of Browning – and it was no surprise to find that the majority of entries referred to a certain Housewife of Dulwich.

It has to be reported that most of you appear to regret the lady's departure and to harbour harsh thoughts of her colleagues in Grey Suits ("...Challenger of might of Rome / Brave Iceni Queen..." from Patrick Barker was not untypical, nor was Mr and Mrs Nixon's "Ah, woe is me/ When shall we see / Her like again...)". "ECU Brute!" as Mrs Doren Cowie put it.

Perhaps that is why the less respectful entrants came as a relief, though the poetry was none the better for it. "God be praised that we have lived to see this hour / When the long nightmare is ended..." started James Sandbach ungallantly. "Bellicose, shrill, let her never come back to us / Joyous we watch her well-merited fall./ We shall march prospering into the Continent / Under a leader the grayest of all..." wrote K P Tomkinson, who doesn't sound like a Tory voter. He would be alarmed by Guy Thomas's assurance – " Weep no more, woeful Wets, weep no more,/ For Margaret your Iron Lady is not dead./ Sunk tho' she be beneath the Speaker's Chair..."

Many of you, alas, have a cynical view of politics – like John F Allan: "So our leader said 'I will resign./ The decision to do so is mine./ Supported by Denis/ I'll banish the menace / Of fellows like Mike Heseltine...'" A similar suspicion that Dulwich (or Belgravia) is not the end of the road inspired Dr W I D Scott's ditty, to be sung to (I imagine) *My Darling Clementine*:

Oh you sly man, aiming high man,
Never my man, Heseltine;
Howe inspired were shots you fired there
To dethrone me, Heseltine!
But my Major, he will stage a
Plot to foil you, Heseltine;
He can match the brains of Thatcher
Though he's not yet forty-nine...

A lot of entrants chose to imagine how the former Prime Minister might address the new. Helen McCabe leaned on Rossetti:

Remember me though I have gone away,
Gone sunset way into the river land,
Where I can no more hold you by the hand,
For you declared you would not have me stay.
I nurtured you and groomed you day by day,
And told you of your future which I planned
So you'd remember me..." etc.

The parodists roamed wide and far. There was a convincing Shakespearean passage from Maureen O'Rourke ("According to her virtues let us use her / Her office shall within our palace lie / Her husband shall a baronet be / And their male progeny – and she herself OM . / So let the contest end and let's away / To share the triumphs of this glorious day..."

At the other extreme there was a touch of McGonagall from Harry Trump in his salute to Denis Healey: "Denis when in high office performed with distinction / But his premiership hopes finally met with extinction / When the leadership question to members was put / And poor Denis was vanquished by one Michael Foot..."

But back to Mrs T, since she's the Leader in everyone's mind. "How could she have left,/ Though we knew we didn't want her? / How could she have gone,/ Though we knew we didn't care?..." asked L R Brewer, and Mary Holtby carried on in similar vein: "What can one say of such a breach / Whose magnitude no mind can reach / But speaks so differently to each..."

A lot of you had the questions but not the answers. "How did we lose her? Let me count the ways: / We lost her when we made for pastures new / But she indomitably held the view / That foreign fields were scarcely fit to graze..." started D A Prince, and went on to sustain his metaphor of sheep (live and dead).

Perhaps those of you who thought of Pope rather than Browning had spotted a more appropriate model. Here is Charles Gilbert, in full:

She went to fanlight and to fitted sheet,
To gravel, coaching lamp and velour suite;
She went from country, cabinet and clique
To frozen quiche and bridge three times a week;
To leaf through *Motoring Which*, darn Mark's old socks
And watch the Beeb dissect her on the box.
She who could, with the secateurs of style
Divide a politician and his smile
Lies memoirless and baffled in her bed
Trying to remember what the *others* said.
Oh, dreary Dulwich! Its only benison
A largish golf course to put Denis on:
A late reward for never having miffed her:
He loves her best of all things - but his snifter".

The judge liked the final quatrain, but he was also looking for something not entirely derogatory, not so easily cruel.

Consider Sheila Sullivan's terse meditation, its tone so unlike the rest of a large entry:

Lost, thank God. Take the insurance and run.
Now the garden's weeded
there's no more Leaders needed.
Over and done.
Don't like Leaders, don't like their kind –
monetary decorators,
calculating detonators.
I like a man who leads his army from behind.
A Christmas catalogue of men in grey –
cut price, final offers,
Leaders for sale to fill the coffers!
No thanks, no Leaders today."

Champagne for Ms Sullivan and Mr Gilbert. And first prize of £100 to Geoffrey Daish of Kenilworth, whose controlled rhythms deliver a successful mix of topicality and parody.

But for a couple more voters she left us,
Faced with defeat in the very first round,
Forced to resign, thus misfortune bereft us,
Upset the market, devalued the pound.
Government's confidence challenge by Labour
Offered the gift of a golden retort,
Slew her opponents with sharp-witted sabre,
Relished command of her literal sport.
What had they done to desert such a leader?
Full of self-interest, loss of their seat?
All now deserve de-selection procedure:
Blot out their names, let them fear for defeat.

J D F Jones

All in the name of Mozart

EVEN THE most confident cruciverbalist would admit that making an anagram of the words "Wolfgang Amadeus Mozart" is unlikely to be a Stück of Sachertorte. Only one *e*, one *r*, one *d* and one *s*, and no *i* at all (which rules out the word *genius*): hardly an anagrammatist's dream.

However, a fine variety of phrases was squeezed out of these unlikely letters, as the 193 anagrams from 90 entrants showed. (Multiple attempts were permitted, and indeed a gentleman from Sutton Coldfield submitted 16; perhaps there is not much to do in Sutton Coldfield at this time of year.)

Two entries produced a phrase in two intersecting parts, thus making double use of the single *e*, while another used three intersections: good try, but disqualified.

Contestants' main trouble seemed to lie in the tribute to Wolfgang. Many were happy to have constructed any phrase at all: *Tarzan wed mama of Sluggo* (from a planning co-ordinator at Harvard) fell into this category, as did *Me dog, a tzar, a songful maw, Aggro of Maud amazes Walt, Low madam grazes fun goat, Daft Gummo's grown Azalea* and *G-sonata amazed Gulf worm*. A lady from Norfolk admitted that she had failed to find a suitable tribute and asked whether *Madam gazes on to Gulf war* would do instead; no, it wouldn't.

The waltz cropped up regularly but unfortunately formed no part of Mozart's output, though Mr Munson of Highgate looked to the future with *Man made us agog for waltz*.

Others conjured what might be considered a reaction to Mozart rather than a tribute: *Nora's fat mum gazed aglow* was one, as were *Mozart low gag amused fan, Amazed aunt from Glasgow* and *Amaze smug old fart Wogan*. The last of these in any case committed the sin of insulting the Greatest Living Irishman at this festive season and was ruled out on grounds of impropriety (though Wolfgang himself might have enjoyed doing as the anagram suggested, had time-travel permitted).

A glut of warm song amazed came closer, as did *Flute and a song, WAM amazed*. Mr and Mrs Meingast from Gmunden in Austria deserve credit for their Anglo-German entries, none of which unfortunately quite made sense. The rules did not say that entries had to be in English, so it is surprising that no one tried an anagram in some little known Asian language.

Among the 15 or so short-listed entries *A god, a warm, zestful 'go' man* came from both John Wedge of Carshalton and Stanley Ward of Liverpool, while *Grand M aglow, amaze us oft* contains a possible masonic allusion, and *O mad Moz sang awful great* from Mrs Riches of Norwich makes up in charm what it lacks in grammar (but he wasn't mad anyway). Mr Trump's *Man ooz art made lugs wag 'F'* is most engaging apart from the final obtrusive *F*. I am almost embarrassed to suggest that the sentence is still apt if the errant *F* is placed at the start of the third word.

So to the winners: runner-up champagne to R.E. Crum of Norwich and M.J. Atkins of Watford for *G-gaze at world famous man* (a suitable sense of awe about this); and to Mrs Shirley Hill for *Fun mortal wag amazes God* (an entry largely the work of her 11-year-old son Jeffrey, who will doubtless be suitably rewarded); the £100 first prize, by a short head, is divided between Mrs Sheila Ward, of the same Liverpool address as Stanley Ward (see above), and Evelyn Stark of Radyr, Cardiff, for *Warm man of guts, zeal – a god*.

Colin Inman

The greatest story ever sold

JDF Jones on a literary banquet

WHICH ARE the greatest books of the Western world? It sounds like a Christmas quiz question to help fill the gap between the 25th and the 2nd, to divert a dinner table for half-an-hour. Or could it be the perfect way to spend £1,298 of book tokens? Next week Encyclopaedia Britannica issue a second and enlarged edition, after 40 years, of their *Great Books of the Western World*.

Here, in an adequately attractive shelfload of 60 volumes, you have Britannica's answer to that quiz-question. One hundred and thirty authors, 517 "works". From Homer to Heidegger; from Thucydides to Tolstoy; from Dante to Dostoevsky. Thirty-seven thousand pages, guaranteed to blow your tiny mind.

Is the whole project a nonsense, a vulgarity, a piece of interior decoration? No, surely not. Will anyone who buys the set read every page? – no, of course not. Is the two-volume "Syntopicon" in which you are directed to cross-reference the 102 "great ideas" of the wisest men and women of past and present, a hilarious jest of American academia? – without a doubt. (Throw these two volumes away, as well as the rubbish about a ten-year reading programme).

So what do you get? An extraordinary sequence, unabridged except for a few recent examples, of The Texts, from Aeschylus to Nietzsche, Aristotle to Hegel, Augustine to Barth, and dozens, scores, of others. Which is fine. Then you turn to the twentieth century – the reason, I imagine, for this second edition – and the problems start. It is evidently an updating. But how can you add a mere half-dozen volumes to the shelf to cope with the extraordinary riches of our own age?

Compare this selection with your own. Wittgenstein, Russell, Planck; Einstein, Whitehead, Heisenberg; Keynes, Frazer, Levi-Strauss. And so on. Fair enough. But remember that you are not allowed to pick anything out of the mainstream: the pattern was set with the earlier 54 volumes, which are ultra-conventional: for instance, eight volumes from the Greeks, two thick volumes of Aquinas (though no Bible – they must assume we all have one), a lot of Montaigne, a slice of Racine, Gibbon in two bundles, ditto Shakespeare, a lot of William James (yes, there is a small American bias) but only a small specimen of brother Henry, Calvin, Hobbes, Rabelais, Cervantes and every "classic" you can think of.

If you are updating that sort of selection into the present century you are going to have problems. Freud, yes, 900 pages; Jung? – not a sausage (that must be an arch idiocy on the part of the editors). No Popper. No Sartre. No Camus, no Gide, no Strindberg.

Most seriously and most unavoidably (and I underline that I hail the project despite what follows), the selection from our literature is hopelessly inadequate. True, it was a hopeless brief. It is absurd to have to decide that *Emma* is to represent Austen, *Middlemarch* George Eliot, *Little Dorrit* Dickens, *Karamazov* Dostoevsky. And leave aside the ridiculous decision at the time of the first edition to exclude poetry with the exception of Shakespeare and Milton – which means no Byron, Keats, Shelley . . .

But I ask you! An anthology of brief examples of the work of James, Shaw, Conrad, Chekhov, Pirandello, Proust, Cather (*Willa Cather?*), Thomas Mann and Joyce in one volume? Woolf, Lawrence, Eliot, O'Neill, Fitzgerald, Faulkner, Brecht, Hemingway, Orwell, Beckett – all in miniature – in another? *The Beast in the Jungle* to represent James. *The Waste Land* for Eliot but no *Four Quartets*. No biography, autobiography or essays. It is easy to criticise but this is inadequate stuff.

Are there copyright problems? I'd prefer a different solution: stick with the Old Masters of the first edition, add the *Great Books of the Twentieth Century* in another 60 volumes, and Britannica can have all my next year's book tokens. But who to include? Take your pencils and start again . . . Entries by yesterday.

■ *Great Books of the Western World*, Encyclopaedia Britannica, 60 volumes, 37,000 pages. Heirloom binding £1,560, Scholar's binding £1,298.

Pavlovsk resurrected

Tolstoy with his daughter Alexandra – one of the hundreds of photographs of life in pre-revolutionary Russia in *A Portrait of Tsarist Russia: Unknown Photographs from the Soviet Archives* (Dirk Nishen Publishing £25, 260 pages)

WE IN England never understood grandeur as it was understood by the absolute monarchs of Europe: Magna Carta and the Civil War put paid to marble aspirations, and God's Lieutenant became a parliamentary pawn. But most of the Continental sovereigns were not so constrained; and although few of them had the money or the panache to rival Versailles, they all sought to build palaces which affirmed both a political order and personal glory.

Peter the Great built his own Versailles, Peterhof; and most of the czars and their courtiers were faithful francophiles until 1917. This admiration for all things French reached its apogée under Catherine the Great, and this is the story of the most important monument of Russia's *belle époque*.

Pavlovsk was built on lands which Catherine gave to her son and daughter-in-law when, with the birth of the future Alexander I, they assured the Romanov succession. The baby, and later his younger brother, were appropriated by their grandmother to be schooled in the ways of despotism, so their mother, Maria Feodorovna, invested her energies in Pavlovsk.

The neoclassical palace which developed was the masterpiece of Catherine's favourite architect, Charles Cameron, a Londoner who claimed Scottish birth and Jacobite sympathies. The frescoists were Italian; the furniture, French and belle époque Russian; the park, the largest of its kind in the world, also Italian designed; the marbles and paintings, the trophies of Paul and Maria's Grand Tour of 1782. The ensemble was supervised by Maria (Paul was already going mad), who, besides bearing ten children, found time for accomplishments in music, painting and horticulture.

PAVLOVSK: THE LIFE OF A RUSSIAN PALACE by Suzanne Massie
Hodder and Stoughton £20, 394 pages

But if, remote from government, Maria was no Sun King, Suzanne Massie is no Nancy Mitford. She charts the growth of Pavlovsk and the court intrigue that lay behind it conscientiously, but her writing annoys. Her tone fluctuates between girlish romanticism and matronly consternation, and several times she speaks of Pavlovsk's "cosiness": palaces may occasionally be intimate, but they are never "cosy". And surely someone at Hodder could have told her how to use the verb "comprise". Some of the illustrations, soft-focus photographs of spring in the park, are inexcusable.

By the late 19th-century, Pavlovsk was a popular pleasure-ground for nearby Petersburg. Strauss the younger conducted there; and Dostoevsky used it as one of the settings in *The Idiot*. But with the revolution, the palace faced adversity. Its jasper and ormolu salons survived the hatred of the earliest revolutionaries, and Stalin's later determination to eradicate the Imperial past, but not the occupying Nazis, who left a gutted shell.

Massie's Russophilism involves her in a thorough, if slightly irrelevant, account of the bravery of the Soviets in the Leningrad blockade (when cats and dogs were delicacies, and the rats left), and a detailed history of the palace's reconstruction (which, owing to chronic shortages, took 45 years). But paeans to the skill and dedication of the workers are no replacements for the susurrus of silks and the whisper of gossip – to me, the essence of palace histories. For Massie, however, Pavlovsk represents not only Russia's flirtation with European taste, but also the tenacity of the Russians, and her book emphasises above all the contradictory way in which, while rejecting the past, the Soviets became passionate custodians of its treasures.

Clive Fisher

Archaeology Books

Mummy-lovers and more

IT WILL be years before King Tutankhamun is a dead subject. The Complete Tutankhamun by Nicholas Reeves (Thames & Hudson £15.95) brings him up to date deftly and comprehensively, but I doubt completely as new tests and scrutiny of excavator Howard Carter's notes still produce information. It is now a fair bet that he did not die of TB as the 1923 autopsy thought but was murdered. X-rays show a trauma on the skull.

In engaging essays Reeves re-polishes the old stories of the long hunt to find the tomb and its fabulous gold, ivory, ebony and lapis lazuli furniture, coffins and statues, and the infamous and false idea of the curse which Conan Doyle and Marie Corelli had encouraged. He emphasises how good Carter was at the fiendish job of getting the fragile finds out and shows how they reveal the daily life and the death rites of the 14th century BC boy king. He was buried with a shooting lunch for the next world: chickpeas, lentils, garlic, wine, and joints of meat in wooden boxes. A good present for Nile cruise passengers and mummy-lovers of all ages.

Lyvia Morgan's The Miniature Wall Paintings of Thera (Cambridge £50) is the gift for Greek island buffs and art historians, a tour de force of sympathetic analysis of the frescoes preserved by the Santorini volcano that blew up 150-250 years before King Tut. Morgan uses them to give a new view of life in the Aegean in the heyday of the Minoans. The citizens of Thera ordered pictures that reflect, and idealise, the town's life – as in Italian cities centuries later. Details like a catch of mackerel and sheep being driven up to the hills after wintering on the coast, date the main scene of a festival and procession of boats as happening in May. That is when trading between islands resumed, on which Thera's wealth depended.

Seton Lloyd's Ancient Turkey (British Museum £16.95) is a history from the first farmers 10,000 years ago to St Paul, written with the sympathetic relish in places of an archaeologist who has travelled through all Anatolia. It is not a guide book but it could make all the difference to a Turkish holiday, or airport delays.

Rosalind Thomas's Oral Tradition and Written Record in Classical Athens (Cambridge £27.50) is for bankers and civil servants who want to catch up on new thinking in their Classics. To show that talk mattered far more than writing in that city of chatterers, she rummages the texts for conversations, hearsay stories and folk memories of events like beating the Persians at Marathon, and gives a fresh picture of what Athens was about.

Etruscan Italy by FT writer Nigel Spivey, and Simon Stoddart (Batsford £29.95) is almost cocky in its enthusiastic judgments on a people and country that drew much from Greece and whom the Romans found fat and hedonistic. In a lively up to the minute account full of wise if provocative remarks they run through every part of Etruscan life. I learnt a lot. D.H. Lawrence might have re-written *Etruscan Places* after reading this book.

The Cities of Ancient Mexico by Jeremy Sabloff (Thames & Hudson £12.95/8.95) would also have drawn him, a succinct account of the pre-Spanish people and their extraordinary pyramids, palaces, plazas and "ball courts". The ball games were more religious and political ritual than sport. The losing captain was tied up and the high priests cut his head off.

Also gruesome was the fate of cowards and sodomites in the Germanic tribes, pinned down in bog pools under hurdles to drown as, Tacitus records. People of the Wetlands by Bryony and John Coles (Thames & Hudson £17.95) confirms this with archaeology. Mud and peat preserve bodies, lake settlements and wood, leather and basketry excellently.

Lake dwellers in Ireland feature in Michael O'Kelly's Early Ireland (Cambridge £35/14.95), a well written history from the Iron Age until St Patrick brought Christianity in 432. The Archaeology of Early Medieval Ireland by Nancy Edwards (Batsford £35) carries the story on to the Viking and Anglo-Norman (1169) invasions, and gives the background to that exciting period when art, writing and learning flowered, giving us such treasures as the Book of Kells, the Derrynaflan hoard and Cormac's chapel, Cashel, Tipperary. English Heritage and Batsford make an impressive start to a series of handbooks to English monuments with Abbeys and Priories by Glyn Coppack (£12.95) and Wharram Percy by Maurice Beresford and John Hurst (£19.95/10.95). Both are first-rate. Coppack includes a thorough account of monastic sanitation and a chapter on the post-Dissolution aftermath. Beresford and Hurst tell the story of recovering the long life of a deserted medieval village at Wharram Percy in Yorkshire where a dig begun in 1950 has just ended.

Gerald Cadogan

ARTS

Sergei Leiferkus and Anna Tomowa-Sintow in *Prince Igor*, at the Royal Opera House

Alastair Muir

Dido, played by Kathryn Harries, in *The Trojans: Part Two*

Opera in 1990

Much of virtue, but little reward

The year's many successes make a cast-iron case for more realistic funding, argues ***Max Loppert***

A LEADING European opera-house administrator with experience of the British arts scene has provided a helpful new definition of the *vice anglaise*. It is not, after all, a sexual vice but an artistic one: the ability to survive on inadequate funding.

This has surely been the 1980s version of the vice. But in opera at least, the 1990s look set to be the decade of the great clean-up. There is, it seems, a limit to the amount of "economy measures" that can be practised on the budgets of working opera houses while those same houses attempt to mount lively, well-balanced, adequately prepared programmes. This year all the signs are that that limit has at last been reached – and not just reached, but passed. In an editorial titled "Doomwatch" in the November issue of *Opera*, the Editor describes it thus: "While politicians fiddle, Rome burns. The performing arts *are* tumbling down... The cause of the crisis is obvious, foreseeable and much anticipated: inflation coupled with the virtual collapse of private funding."

All the forward planning of the main companies – necessary in all the arts, indispensable in making paths through the tangled thickets of opera – is currently on hold. Long-cherished ambitions, brave repertory developments, bold strokes of "thematic" programming, all are on the point of being chucked out the window. At the Royal Opera House, the cancellations – *Don Quichotte*, *Iphigénie en Tauride* – have already bitten into the 1990-91 schedule, and more are expected.

It is not unthinkable that before long all the opera houses will be doing nothing but long runs of *The Barber of Seville*; but even the efficacy of that particular remedy must eventually wear out. And then what? Seat-prices raised even higher? (Covent Garden's top level nosed above the £100-mark.) Long spells of RSC-Barbican darkness? Short "seasons" of the pre-war kind? Wholesale disappearances of regional companies? Nothing in the doomwatch scenario can now be ruled out.

The pity is that in 1990 almost all the main companies were on fine form: responsible, aware of a wide range of tastes, innovative, musically conscientious. If virtue were ever rewarded (as it is so often in 18th-century opera and so seldom in real life), this would have been the year to do so. The Royal Opera's new productions – *Prince Igor*, *Elektra*, *Cenerentola*, *Cunning Little Vixen*, *Guillaume Tell*, *Siegfried*, *Attila*, and *Fidelio* – made an extraordinarily impressive and well-varied list. (Was it rash, in the current climate, to put on *Igor* and *Tell*, two of the most demanding chorus-operas, in the space of a few months? Maybe, but how rewarding the results.)

The English National's world première, Holloway's *Clarissa*, and the local première of Turnage's *Greek* were part of a similarly wide menu range (the much-heralded 1990-91 seasonal programme of 20th-century opera plus three Mozarts dominated the year's final months – another case of virtue that should be rewarded but almost certainly won't be, since the recession has hit box-office earnings unkindly hard). At Opera North, alongside the necessary *Traviata*, Gluck's *Orfeo*, and *Cosi*, there have been the splendid adventures of Verdi's *Jérusalem* (British première), Nielsen's *Maskarade* (British professional "first"), and Dukas's *Ariane et Barbe-bleue* – on my own private awards-list this last, the revival of an opera not given in Britain since 1937, counts as Event of the Year.

Scottish Opera crowned its year of Bartók-Stravinsky, a highly-praised *Forza*, and diverse Mozart, Strauss, and Puccini items with *Les Troyens* and Judith Weir's wonderfully fresh and original *Vanishing Bridegroom*, yet another new opera that one enjoyed a first time and longed to see a second. Even the Welsh National Opera, the one company whose artistic health seems currently far from strong, made a success of John Metcalf's second opera, *Tornrak*. The long-held certainty that new operas automatically herald artistic gloom and box-office doom was put to flight this year (at Glyndebourne likewise, with a well-attended run of Tippett's *New Year*); this was one of 1990's most valuable and positive developments.

Not everything, of course, was quite right – no-one would expect or want it to be. Covent Garden's "bought-in" *Cenerentola* (from Salzburg) and *Fidelio* (from Brussels) were safe choices which were also dull ones. The ENO double-bill of Delius and Puccini came a cropper; so (in my view) did Opera North's 1980s-dress *Don Pasquale*, desperately jolly, and Scottish Opera's slow, ponderous *Cosi*, desperately serious.

I respected the Royal Opera *Tell* production (old-fashioned, serious, in bargain-basement designs) more than some, and the same house's *Elektra* (full of stale Götz Friedrich clichés) less than others. I was disappointed that Leeds *Jérusalem* resorted to so many Euro-modish staging ploys, obscurantist, arty, and messy by turns. I was enthralled and delighted by Opera Northern Ireland's *Magic Flute*, a first operatic outing for the distinguished theatre director Clare Venables, which turned the performance of an ageless masterpiece in Belfast into a local-accented, exhilarating, mind-opening adventure.

But when all the tallies have been done, and all the variations in critical response taken into account, it seems to me that in 1990 the overall standard of opera on offer in this country should inspire pride and long-term investment, not complacency and cheese-paring.

Covent Garden attracted an unparalleled roster of first-rate conductors – Kleiber, Downes (whose absolute mastery in Verdi was shown in both *Attila* and *Otello*), Colin Davis, Haitink, Solti, Dohnányi, and Rattle. It was a year in which star-fanciers and more sober opera-lovers could find their moments of satisfaction: Pavarotti and Domingo both back on stage, Eva Marton (a full-hearted, rich-voiced Strauss Electra), Te Kanawa, Carol Vaness (the bright spark of an otherwise dim *Trovatore*) and Agnes Baltsa (whose vocal problems were sadly exposed in Rossini) likewise, but also the glorious East European array assembled for *Prince Igor*: Leiferkus, Tomowa-Sintow, Burchuladze, Ghiuselev, and the lustrous young Russian mezzo Elena Zaremba. The pleasures of singing in opera are not, *pace* the new breed of opera-audience puritans, brainless ones; the grandeur and nobility of this Borodin performance proved otherwise.

The issue of production, which has occupied so much of 1980s opera talk, is becoming a less contentious one. Perhaps it is because the scene has become so varied, so "pluralistic", in styles on offer, and that the advantages of this have become obvious to all but a few diehard conservatives, longing for that vanished Golden Age where singers were planted at the front of the stage and producers knew their place.

In the area of genuine controversy – as distinct from the flat-balloon kind afforded by Glyndebourne's dialogue-less *Magic Flute* from Peter Sellars, the Non-Event of the Year – most stimulation came from David Pountney at the ENO. The *Macbeth* with housewife-witches in floral frocks and buckets of green blood, the *Clarissa* with troupes of dancers shadowing the main characters, the *Wozzeck* in heightened Grosz-style tableaux, the *Pelléas* with gauzy fantasy banished and broken bricks strewn across the front of the stage: these divided audience (and critical) response right down the middle.

Pountney creates viscerally exciting theatre; he makes one think; he has a rare and genuine feel for the full use of a large stage. His maddening unpredictability should be cherished. So too his ability to inspire the best sort of operatic performance, in which singing and acting becomes an indissoluble fusion. Kristine Ciesinski's Lady Macbeth and Marie, Vivian Tierney's Clarissa, Donald Maxwell's Wozzeck, and – undoubtedly the single most shattering portrayal of the entire British operatic year – Willard White's magnificently tormented Golaud all prove the point.

A final sign of the vitality of the British opera scene is the trade-off of ideas that has been going on between the worlds of opera and "straight" theatre – and by no means all in a predictable one-way direction. Indeed, it was the *Guardian* theatre critic, Michael Billington, who in an *Opera* article a couple of years ago pointed out the extraordinary turn of events wherein the freshest young minds and stage explorations in this country were now likely to be found at work in the opera houses.

Nicholas Hytner, who began his working life with Kent Opera, does large-scale musicals in the West End, Shakespeare at Stratford, and *Ghetto* and *Wind in the Willows* at the National; Richard Jones, whose first steps were with Opera 80, takes on Sondheim's *Into the Woods*, and gives the London musical theatre its quirkiest, most richly inventive production in years and years. (Poaching on my theatre-colleagues' territory for a moment, I must demand a place for *Into the Woods* among the musico-dramatic highest delights of 1990.)

Both young men have learnt their skills in the opera house; theatre as a whole is reaping the reward. This has only been possible because of the existence of small companies, small enterprises, where such first steps could be taken. Kent Opera has now been folded up. At grassroots level the picture is one of despair, siege mentality, and imminent collapse. The message has never been clearer. Will it be understood before the damage is irreparable?

Chess No 853:
1 Qc6!(threat 2 Qa8 mate) Rf7 2 Qa8+ Ke7 3 Rxc7+ Kf6 4 Rxf7+ Kxf7 5 Qa7+ and 6 Qxf2 wins.

Sixty years of art for the masses

Antony Thorncroft reports on a happy birthday for Sadler's Wells

SENTIMENT and nostalgia will reign supreme at Sadler's Wells Theatre on January 6 when performers from four of the leading British arts companies – the Royal Ballet, the Royal National Theatre, the English National Opera and the Birmingham Royal Ballet – will gather for a royal gala evening to celebrate 60 years of the modern Wells.

On January 6 1931 two sprightly bucks, who later became Sir John Gielgud and Sir Ralph Richardson, starred in *Twelth Night*, which will surface again, along with lashings of dance from Lesley Collier, Viviana Durante and Marguerite Porter (among others) and opera.

The Wells was the creation of Lilian Baylis who can claim (from Heaven) to have spawned all four companies as an almost incidental by-product of her fanatical commitment to provide art for the masses. Baylis, whose name will be hymned hard throughout the Gala, established much deeper roots at the Wells than at her other memorial, the Old Vic. At most performances at the Wells you will still see in the gallery elderly ladies who have obviously saved hard for this occasional treat, an outing to the dance, as well as scrubbed children silenced by their first visit to the theatre. Islington might have embourgeoised itself in 60 years but the Wells has held remarkably true to the Baylis tradition.

Almost too true. The current young director, Stephen Remington, must sometimes think that his predecessors were asleep in the post-War decades to allow the artistic eminence in London to pass to new auditoria on the South Bank or in the Covent Garden area. The Wells spawned the national companies in dance, opera and drama which quickly flew the nest, leaving the theatre to struggle hard for an identity.

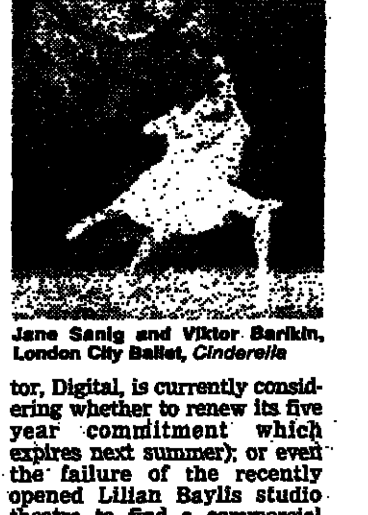
Recent years have seen more opportunities slip by. The £1m-plus appeal for the larger stage which is essential to keep the loyalty of large classical dance companies ran out of steam, scuppering the Wells' plans to become London's dance house. The Arts Council has never loved the place and gives it no direct aid (Sadler's Wells gets just 6 per cent of its income from public funding as against 42 per cent for Covent Garden and more than 50 per cent for the NT and the ENO).

This year it lost its most prestigious tenant, Sadler's Wells Royal Ballet, which took Birmingham's gold and evacuated its offices at the Wells. Next year Ballet Rambert will be performing its London season at the Riverside Studios rather than the Wells because it has run out of patience with the restrictive stage.

And yet Sadler's Wells flourishes. Its image may be blurred by the constant traffic of foreign dance companies, unknown performance art troupes, and small scale opera outfits that pass through its quaint doors. But the bottom line holds firm.

In the last ten years Sadler's Wells has brought over 91 overseas companies and made money from most of them. For, despite appearances, the Well's is not a receiving house; it promotes most of its shows and its audience stays remarkably loyal. It packs out for the Kodo Drummers of Japan and the Phoenix Dance Company from Leeds. It might lose Rambert but it has gained London City Ballet, currently appearing to healthy audiences. This year the books will balance on a turnover of £3.5m, a considerable achievement in recent months when London's theatres have felt the recession.

The shadow over the Well's is not its blurred image; its small stage; its constant fight for sponsors (its main benefactor, Digital, is currently considering whether to renew its five year commitment which expires next summer); or even the failure of the recently opened Lilian Baylis studio theatre to find a commercial role. The shadow is of its own making – a plan to knock down the Well's and create a modernised auditorium inside a £100m office complex planned by its neighbour, the recently privatised Thames Water.



Jane Sanig and Viktor Barkin, London City Ballet, *Cinderella*

The Wells is uncomfortable – for audiences as well as dancers; it is remote for most Londoners; its performances can seem peripheral. But to lose the theatre with its distinctive "Modernist" facade, and its unrivalled traditions would be to sacrifice too much for a publicity splash.

Stephen Remington faces a thankless task keeping the show on the road, and an even more thankless one trying to revive the back stage extension appeal. But doing this would engender the one thing the Well's is good at: inspiring popular support. It would be the Baylis way.

■ *Tickets for "Sixty Diamond Years", on Sunday January 6, cost £150 (including supper), £75, £50, £22.50, £15, £7.50. From The Celebration Office, Sadler's Wells, Rosebery Avenue, London EC1R 4TN, or telephone 071-278 6563.*

Radio in 1990

A year of drama

WHAT BIG changes were there in the year's radio? Ten million new independents opened up; they can look after themselves. At the BBC, Radio 5 appeared as a way of re-sorting wavelengths, though it has offered more for the young. Michael Green, Director of Radio 4, protested that his principles were not middle-aged or middle-class. I am middle-class myself, and I reckon that Radio 4 is still for many people their basic broadcasting. Sets left on in the kitchen all day are usually on Radio 4.

There were changes in Radio 3, which has become more like the old Third Programme and none the worse for that. The changes were largely in scheduling, but my impression is that there is now more interest in current affairs.

The *Third Ear* pieces cover all the arts and beyond, but *Third Opinion* is not yet a good swop for *The Critics*. Notable commentators like Michael Charlton and Anthony Howard find themselves on Radio 3 – which leads me to another matter. A listener complained on Radio 4's *Feedback* that current affairs were ousting entertainment. I can reassure anyone who thinks so that I have analysed the comparative weekly figures, and nobody is ousting anything.

Well, *The Forsyte Chronicles* are ousting the Saturday plays, but there are good plays now in a new slot on Saturday afternoons. There are usually two serials a week going on; and why do I keep saying "not counting *Citizens* and *Archers*?" The BBC is generous with drama.

Ought current affairs to be sacrificed to entertainment? The dispersal of news and opinion is one of radio's main uses. Wireless telephony wasn't invented simply to fill vacant minds. Still, it is not for me to dictate policy, however much I would like to; all I do is judge the quality of both the news coverage and the entertainment as they are fed to us. And let me say in parenthesis that, though I leave music to experts, the simulcast act-by-act *Ring* on Radio 3 and BBC2 was splendid.

The *best* drama came mostly from Radio 3 – classics, recent West End successes like Hare and Brenton's *Pravda* and Gray's *Melon*, new work like Seamus Heaney's *Sweeney Astray* and John Fletcher's *Death and the Tango*, which suggested a nascent Swift. We also had Ibsen's *Emperor and Galilean*.

But *most* drama, good and bad, came from Radio 4. Christine Reid's *The Unfortunate Fursey*, about 11th-century monks in Ireland, was for me the funniest play of the year. Peter Terson's uncharacteristic *Tales My Father Told Me*, about Sir George Sitwell and his young son Osbert, gained extra value from the casting of Gielgud as Sir George. The three-part lunch-time adaptation of Waugh's *The Loved One* was a winner. It is wise to remember that good plays on Radio 4 do not always come in the evening. *Lobby Talk*, a veracious piece about the press in war-torn Beirut, was on a Thursday afternoon.

Then there are the long series, none longer than the six-month *Forsyte Chronicles*, ably adapted, admirably played, with a bonus in the form of Dirk Bogarde as a narrating Galsworthy. The seven tales of *Arthur – the King*, as his author Graeme Fife punctuates him, perhaps to warn us of the curiosities of his narrative style, did not add much to what we knew, despite its multiple sources, and I found them hard to attend to. The Sherlock Holmes plays offer the familiar tales with less familiar principals.

Anniversaries, a BBC fixation, were duly observed: Harold Pinter's 60th birthday, Arthur Miller's 75th, Sir Victor Pritchett's 90th, Agatha Christie's 100th, Thomas Hardy's 150th, the Hiroshima bomb's 45th. These aren't current affairs; they were celebrated in drama, on Radio 3 and 4.

Tom Stoppard had a season without even an anniversary. But I should add that Radio 2 also takes part if what is celebrated is likely to be known to Radio 2 listeners. These folk are well served in affairs by Jimmy Young and (as I write) by Ken Bruce, who took over the midnight shift from the reliable Brian Matthew.

Radio 3's current affairs is studio-oriented, less current than historical, always of high quality – for instance, two good contributions by Anthony Howard. Radio 4 sometimes disguises current affairs as entertainment. Eight programmes called *The Teachers* simply recorded the talk of teachers, parents and children at a Birmingham comprehensive, not as a narrative, simply as a still life, the relevant chat miked without comment, and well enough it turned out.

Rabbi Dr Jonathan Sacks's Reith Lectures, on faith, were stimulating and practical. Then there was a series of six programmes on class, probing approaches to various matters as modified (if they were) by the way of life; and a fascinating series presented by Ray Gosling, *The Heavy Side of Town*, scrutinising the relationship of industrial areas with residential. Radio 4 ran a competition for commercial enterprise. There were four investigative programmes about people who disappear from their homes. Two features under Humphrey Carpenter pulled publishing to pieces.

Single goodies on Radio 4 have been many, notably the recent feature on Winnie Mandela and her boys, and *Lady Chatterley's Lover* as a Book at Bedtime. *Down Your Way* has become "down my way"; its interest depends on who the presenter is. Given time, I enjoy the Morning Stories, and there is usually good stuff in *Kaleidoscope*.

I suppose the biggest item on Radio 1 must have been the endless resurrection of John Lennon, which for me only showed how superficial he had become after he thought he was important; but wait for the next sociological bit. *The Mary Whitehouse Experience* Radio 1 cabaret was a good idea but let down by its writers. I hear little on independent stations, but I have heard jazz from Jazz FM and muzak from Music FM, besides a lot of the Woolwich Young Playwrights' work on LBC.

But major changes? Not this year.

B A Young

TELEVISION

SATURDAY

BBC1

7.00 Janosch's Story Time. 7.25 Breakfast Serials. 8.00 Babar. 8.25 Bravestarr. 8.45 Gone Live! 10.35 Film: Labyrinth (1986). Jim Henson's technically dazzling fantasy peopled with magical creatures.

12.15 Grandstand. With Bob Wilson 12.20 Athletics. The County Durham International Cross-Country Races 12.30 Cricket fourth day's play between Australia and England 1.00 Racing From Newbury 1.10 News 1.30 Racing From Newbury 1.40 Athletics 2.00 Racing 2.10 Rugby League. The second semi-final for the Regal Trophy 3.50 Football Half-Times 4.00 Athletics 4.35 Final Score.

5.10 News; Weather.

5.20 Regional News And Sport.

5.25 Film: Flight Of The Navigator (1986). Starring Joey Cramer and Howard Hesseman. David falls down a ditch only to discover when he comes round that he has been missing for eight years. When he undergoes tests the doctors find that his brain is giving off frequency patterns that generate a computer graphic of a flying saucer.

6.55 Telly Addicts. A special celebrity edition of the quiz looking at childrens TV. With Leslie Crowther, Tony Hart, Jenny Powell, John Craven, Jenny Hanley, Andi Peters, Brian Cant and Cheryl Baker.

7.25 Challenge Anneka. Anneka Rice is challenged to put on a pantomime against the clock.

8.15 Thirty Years Of The Royal Variety Performance. Bruce Forsyth takes a look back over the past thirty years of the annual show that is put on in the presence of HM the Queen and members of the Royal Family.

9.45 News And Sport; Weather.

10.05 Film: Moonstruck (1987). Cher, Nicholas Cage and Olympia Dukakis star in this Oscar-winning romance.

11.45 Barry Norman's Films Of The Year.

12.30 Film: Man Without A Star (1955). Kirk Douglas western in which he plays a veteran cowpuncher who finds work on a big ranch but discovers that the female owner plans to bring in vast herds to squeeze out local settlers and that she expects his help in seeing them off their grazing lands. Directed by King Vidor.

1.55 Weather.

BBC2

7.55 English Towns. 8.25 Wildlife Showcase. 8.55 Film: Tarzan Triumphs (1943). 10.10 Sports Review Of The Year. 11.50 The Honeymooners. 12.15 Film: Tess (1980).

3.00 Beethoven Symphonies. The London Classical Players, conducted by Roger Norrington, continue their cycle of the Beethoven Symphonies with Symphony No 7 in A, Op 92.

3.45 Film: Lady In The Dark (1944). Musical starring Ginger Rogers and Ray Milland. Editor Liza Elliott is a career woman engaged to the still married Kendall Nesbitt, the publisher of the magazine. But she is tormented by dreams in which she appears in a more feminine guise. She takes her troubles to a psychiatrist and realises that her way of life is at odds with her real personality. Directed by Mitchell Leisen.

5.25 Royal Institution Christmas Lectures. The Origin of Quasars. Professor Malcolm Longair explores what is known about these nuclei of galaxies.

6.25 News. Weatherview.

6.50 Joyce Grenfell. With William Blezard at the piano.

7.20 When The Fire Burns. The Life and Music of Manuel de Falla. With performances by Alicia de Larrocha, Teresa Berganza, Narciso Yepes, Nicanor Zabaleta and the Montreal Symphony Orchestra, conducted by Charles Dutoit.

8.45 August Saturday. Written by William Trevor, and starring Sorcha Cusack and Tim McInnerny. Set in a small town in the west of Ireland where a group of friends meet each month in a hotel, Grania finds her happiness is threatened by the arrival of an Englishman, who originally visited the town 15 years earlier.

9.45 A Life In Pieces. Sir Arthur Streeb-Greebling (Peter Cook) chooses his 12 Christmas gifts in the company of Ludovic Kennedy.

9.50 Rab C Nesbitt's Seasonal Greet. Govan's bandaged philosopher explains why the festive season makes him no-well. Starring Gregor Fisher, with Elaine C Smith and Tony Roper.

10.35 Film: Chocolat (1987). Claire Denis's first feature film based on her own experiences in colonial Africa. (French with English subtitles).

12.15 Close.

LWT

6.11 TV-Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 Saint & Greavsie. 1.00 ITN News, ITV National Weather. 1.05 LWT News, LWT Weather.

1.10 Sportsmasters. Grand Final. Dickie Davies is the quizmaster in the final round of the 1990 search to find the ultimate Sportsmaster.

1.40 Athletics '90. Steve Ovett, Jim Rosenthal and Alan Parry recall another memerable year for British athletes who this year have underlined the country's standing as a major force in world athletics.

2.40 The Great Santa Claus Caper. Cartoon caper in which Raggedy Anne and Andy rescue Christmas, when The Big Bad Wolf invents an unbreakable plastic that makes toys last forever.

3.10 The Adventures Of Black Beauty. More adventures with the pet-loving family and their own above-average intelligence horse.

3.40 Cartoon Time.

3.50 Combat. The battle of the Regiments. Emelyn Hughes is the commentator as various army regiments practice soldiering against the clock.

4.45 Results Service.

5.00 ITN News. National Weather.

5.05 LWT News.

5.15 Disney Cartoon Time.

5.30 Film: Return Of The Jedi (1983). The final part of the Star Wars trilogy. Starring Mark Hamill, Harrison Ford, Carrie Fisher and Alec Guinness.

8.00 Blind Date. Cilla Black is back with some hopefuls in search of fun and romance.

9.00 ITN News.

9.20 Film: The Widowmaker (1990). The discovery that her husband has brutally shot and killed ten innocent people shatters the world of young mother Kathy Wakeman. Starring Annabelle APSion, Alun Armstrong, David Morrissey and Kenneth Welsh.

11.20 Film: Stroker Ace (1983). Stroker Ace is a fast-living, hard-driving stock car racer whose high-spirited antics finally catch up with him. Starring Burt Reynolds, Ned Beatty and Loni Anderson.

1.05 The 1990 Billboard Music Awards.

3.00 Film: No Sex Please We're British (1973). Traditional British farce starring Ronnie Corbett, Arthur Lowe, Beryl Reid, Ian Ogilvy and Susan Penhaligon.

CHANNEL4

6.00 Comic Book. 7.30 News Summary. 7.35 International Times. 8.00 Transworld Sport. 9.00 News Update. 9.05 Channel 4 Racing: The Morning Line. 9.25 Film: I Have Fallen In Love (1989). 12.25 American Football Red 42.

1.05 Channel 4 Racing From Newcastle. Derek Thompson introduces the action, including races at 1.10, 1.40, 2.10 (Northumberland Gold Cup Novices' Chase) and 2.40.

3.00 Film: Never Give A Sucker An Even Break (1941). Surreal comedy with the immortal W C Fields.

4.20 Faerie Tale Theatre: Rumpelstiltskin. Ned Beatty, Shelley Duvall and Herve Villechaize star in the classic Brothers Grimm tale of a small man who helps a miller's daughter spin straw into gold.

5.10 Brookside Omnibus.

6.30 Hot Rod Boogie. Every year, home-built hot rods gather in Utah with one aim in mind the sheer glory of winning.

7.00 News Summary & Weather. Followed by All The Rivers Run II. The sequel to the award-winning Australian riverboat drama continues the story of Brenton and Delie Edwards from 1903, when trade on the river has slumped and their way of life is dramatically threatened.

8.00 Opera On 4 Presents. Der Ring Des Nibelungen: Das Rheingold. Over the next two weekends, Channel 4 is screening the four operas of Wagner's great 16-hour cycle in an outstanding romantic realist staging at New York's Metropolitan Opera House, conducted by James Levine. This first epic opera of gods, dwarfs, giants and dragons, stars James Morris (Wotan), and Christa Ludwig (Fricka). (With English subtitles)

11.00 Emo Philips: Comedian And Mammal. American comedian holds court at London's Playhouse Theatre.

11.45 The Week With Jonathan Ross.

12.15 Sinead O'connor. This concert from Rotterdam recorded during her European tour last October features tracks from Sinead's latest album.

1.20 Film: Spiritual Love (1987). An engaging and unusual romantic fantasy from the Far East which tells the strange tale of a man who falls in love with a ghost only to have his former jealous lover hang herself so that she can break up the affair.

REGIONS

S4C AS CHANNEL4 EXCEPT
8:00 Early Morning. 9:25 The Maitland And Morpeth String Quartet. 10:00 Owl TV. 10:30 Circus Of The Sun. 11:35 Views Of Kew. 12:05 Tonight With Jonathan Ross. 12:35 American Football - Red 42. 3:00 Submarine. 4:00 The White Mouse. 4:10 The Coronation Street Birthday Lecture. 6:36 Newyddion/News. 6:40 Teulu'r Mans. 7:10 Gwyl Gorawl Cymru. 7:55 Y Maes Chwarae. 8:55 Film: Llid Y Ddaear. 10:55 The Further Adventures Of Billy The Fish.

IBA Regions as London except at the following times:-

ANGLIA
1:05 Anglia News. 3:10 Hollywood's Hidden Heroes. 3:55 The A-Team. 5:05 Anglia News & Sport.

BORDER
1:05 Border News. 2:40 Coronation Street. 5:10 Border News.

CENTRAL
1:05 Central News. 3:10 Hollywood's Hidden Heroes. 3:55 The A-Team. 5:10 Central News.

CHANNEL
1:05 Puffin's Magic Christmas. 3:10 Carry On Again Doctor. 5:05 Channel News.

GRAMPIAN
1:05 Grampian Headlines. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 The Great Santa Claus Caper. 4:45 Scotsport Results. 5:10 Criomagan.

GRANADA
1:05 Granada News. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 The Great Santa Claus Caper. 5:10 Granada News.

HTV WEST
1:05 HTV News. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 The Great Santa Claus Caper. 5:10 HTV News.

HTV Wales as HTV except:
1:05 HTV News.

SCOTTISH
1:05 Scotland Today. 2:40 Coronation Street. 3:35 Grizzly Adams Chrismas Special. 4:45 Scotsport Results. 5:10 Scotland Today And Scottish Weather. 9:15 Scottish Weather. 11:20 Film: Poison Ivy.

TSW
1:05 TSW News. 2:40 Coronation Street. 3:05 TSW News And Sport. 5:10 Gus Honeybun's Magic Birthdays.

TVS
1:05 TVS News. 3:10 Film: Carry On Again Doctor. 5:05 TVS News.

TYNE TEES
1:05 Regional News. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 The Great Santa Claus Caper. 5:05 Northern Life - Saturday Special.

ULSTER
1:05 Ulster Newstime. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 Cinematractions. 5:10 Ulster Newstime. 9:15 Ulster Newstime.

YORKSHIRE
1:05 Calendar News. 2:40 Coronation Street. 3:35 Hollywood's Hidden Heroes. 4:20 The Great Santa Claus Caper. 5:05 Calendar News.

SUNDAY

BBC1

6.25 News; Weather. 7.25 Film: The Private Affairs Of Bel Ami (1947). 9.15 All God's Children. 9.30 This Is The Day. 10.00 See Hear! Magazine for the deaf and hard-of-hearing. 10.25 Country File. 10.50 Weather.

10.55 Film: The Three Musketeers (1948). Gene Kelly stars as master swordsman D'Artagnan in a lavish Hollywood version of Alexander Dumas' swashbuckling adventure.

1.00 News; Battle Of Britain 50Th Anniversary. Highlights of September's commemorations over Buckingham Palace when HM The Queen took the salute at one of the largest flypasts London has ever seen.

2.00 Eastenders.

3.00 Film: Annie (1982). Lavish screen musical directed by veteran filmmaker John Huston. With Albert Finney and Carol Burnett.

5.00 Some Mothers Do 'Ave 'Em. Frank's employment prospects look up when he sees an advertisement in a local pie shop.

5.40 Antiques Roadshow. (New Series) Hugh Scully invites viewers in Islington, North London, to bring their heirlooms and curios for evaluation.

6.25 News; Weather.

6.40 Songs Of Praise. From Christ Church, Fulwood, Sheffield.

7.15 Only Fools And Horses.. Starring David Jason, Nicholas Lyndhurst and Buster Merryfield. Del is worried about Rodney's excessive drinking while Cassandra is away.

8.05 Film: Appointment With Death (1988). Belgian detective Hercule Poirot is on holiday in Palestine when he is called upon to unravel the intrigue surrounding the murder of widow Emily Brown Boynton while on tour with her family.

9.45 News; Weather.

10.00 In Sickness And In Health. Starring Warren Mitchell and Carmel McSharry.

10.30 Everyman. Sale House. An exploration of what the Government's policy to close large mental hospitals and restore patients to life in the community can mean in practice.

11.15 Film: Victor/Victoria (1982). Julie Andrews is an unsuccessful singer whose friend hits upon the gimmick of turning her into a female impersonator a girl passing herself off as a man playing a girl.

BBC2

7.00 Children's BBC Two. 7.20 King Rollo. 7.30 Playdays. 7.50 Is That A Fact? 8.05 Pinocchio. 8.25 Movable Feasts. 8.40 Litt'l Bits. 9.05 Corners. 9.25 Dungeons And Dragons. 9.50 Blue Peter Review Of The Year. 10.15 Defenders Of The Earth. 10.40 The Watch House. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Film: Lawrence Of Arabia (1962).

3.25 Beethoven Symphonies. Symphony No 8 in F, Op 93, sometimes referred to as the Little F Major, performed by the London Classical Players conducted by Roger Norrington.

3.55 Cricket: Second Test. Australia v England. Highlights of the final day's play in Melbourne.

4.25 Grand Prix 500. A kaleidoscope of action and thrills from 40 years of motor racing.

5.25 Rugby Special. Cliff Morgan pays tribute to the world's most famous rugby club the Barbarians in its centenary year, with clips from some of their outstanding matches.

6.25 Spaceballs (1987). Mel Brooks produces, directes and stars in this screwball comedy which also stars John Candy and Rick Moranis. The evil leaders of the planet Spaceball, having foolishly squandered their atmosphere, and then hatch a dastardly plot to force the king of another peaceful planet to exchange his planet's air in return for his kidnapped daughter.

8.00 Kali The Lion. Stephen King's remarkable study of a female lion struggling to fight for the life of her family in Kenya's Masai Mara through the rich months when food, in the form of wildebeest, is plentiful, as well as the lean months when desperation forces the pride to tackle large and dangerous quarry.

9.00 Big Sheds. Architecture critic Martin Pawley looks at the growing number of big sheds being built in Britain.

9.10 Joyce Grenfell. The famous comedienne on stage, with William Blezard at the piano.

9.40 A Life In Pieces. Sir Arthur Streeb-Greebling (Peter Cook) chooses his 12 Christmas gifts in conversation with Ludovic Kennedy.

9.45 Film: The Man Who Would Be King (1975). Sean Connery and Michael Caine star in John Huston's superb adaptation of Kipling's dramatic adventure story.

11.50 Montreux Jazz Festival.

LWT

6.00 TV-Am. 9.25 The Disney Club. 11.00 Morning Worship. 12.00 Encounter. 12.30 LWT News Weekend. 1.00 ITN News. Followed by ITV National Weather. 1.10 Disney's Ask Max.

2.05 The Best Of Italia 90. Highlights of the great World Cup tournament in Italy are recalled, as Jim Rosenthal tells the story.

2.55 The Match. Crystal Palace v Liverpool. Live coverage of the weekend's most attractive First Division game.

5.05 Bullseye. The game that combines darts with general knowledge.

5.35 Sunday Sunday. Chat show presented by Gloria Hunniford.

6.30 ITN News. National Weather.

6.35 LWT News. With Anna Maria Ashe and LWT Weather.

6.40 Highway. Sir Harry Secombe visits the North Pennines and Upper Teesdale England's last great wilderness, where he meets Hannah Hauxwell, the lone woman farmer who became a celebrity overnight after being featured in the documentary, Too Long a Winter.

7.15 The Very Best Of Beadle. Madcap moments from Game For a Laugh and Beadle's About.

8.15 Life After Life. George Cole stars as Eric Burt, a man made redundant and consigned to a home for the active elderly.

9.30 ITN News. Followed by ITV National and Local Weather.

9.45 LWT Weather.

9.50 Tarrant On TV. Chris Tarrant takes a backward glance at his recent Tarrant On TV series and also looks at the way safer sex commercials influence the way other products are advertised in the US.

10.50 The South Bank Show. Tallis Scholars. Melvyn Bragg takes a journey back in time with Peter Phillips, director of The Tallis Scholars, a dedicated young choir heading the trend towards early music. They uncover some previously neglected gems of Renaissance church music from Tudor England and 15th century Flanders.

11.50 Film: Popeye Doyle (1986). Ed O'Neill stars as Popeye Doyle, a no-nonsense New York detective. Followed by ITN News Headlines.

1.30 Jean Michel Jarre Paris.

2.45 The Time Tunnel. A bumper edition of adventures for time travellers Tony and Doug.

CHANNEL4

6.00 Bobby Jones Gospel. 6.30 Simon Combes An African Experience. 7.00 Pet World. 7.30 Christopher's Christmas Mission. 8.00 The Bluffers. (A 2) 8.30 Bobobobs. 9.00 Early Bird. 9.25 Late In Her Own Voice. 10.00 How The Kiwi Lost Its Wings. 10.15 Batman And Robin. 10.35 Film: Doo mbeach (1989). 12.00 The Waltons.

1.00 Voyage To The Bottom Of The Sea. The Village of Guilt. Irwin Allen's impressively-mounted underwater masterpiece in which The Seaview is assigned to the most dangerous underwater missions against the enemies of mankind. (B/W)

2.00 Der Ring Des Nibelungen: Die Walkyre. Channel 4's screening of Wagner's Der Rina Des Nibelunaen continues today with the second part of the Ring cycle.

6.30 The Cosby Show.

7.00 News; All The Rivers Run II. Part 2. Continuing the Australian drama series set amid the turn-of-the century riverboat traders.

8.00 The Making Of Orchestra! A documentary about the making of the Orchestral series, which begins on Channel 4 next Sunday. It features intimate interviews with Dudley Moore and Sir Georg Solti and observes them and the 120 young musicians from the Schleswig-Holstein Festival Orchestra off-camera and at work.

8.30 American Football. Mick Luckhurst and Gary Imlach present the essential action from the day's best match.

10.00 Film: And Now For Something Completely Different (1971). Film version of some of the classic comedy sketches from television's Monty Python's Flying Circus.

11.40 Best Of Dazzling Image. Another chance to see three short films shown in the last summer's Dazzling Image season. Ballad of Reading Gaol an interpretation of Oscar Wilde's speech delivered from the Old Bailey; The Long Way Round a humorous study of a building where the closed circuit TV system is put to novel use; and The Old Man of the Sea evoking a land and seascape with a bedridden old man.

12.40 Film: Esprit D'amour (1983). Alan Tam falls in lovewith the ghost of Hi Shu Chun who dies in an accident after he almost runs her over on the fourth anniversary of his engagement to Cecilia Chan. (with English subtitles).

2.20 Close.

REGIONS

S4C AS CHANNEL4 EXCEPT
8:00 Early Morning. 10:00 Faerie Tale Theatre: Rumpelstiltskin. 10:45 Land Of The Giants. 11:40 Batman And Robin. 12:55 O Bedwar Ban. 1:10 Lobster Comedies. 1:30 Hot Rod Boogie. 2:00 Equinox. 3:00 Film: The League Of Gentlemen. 5:05 Christmas Crackers. 6:15 Arnold Palmer. 6:15 All The Rivers Run (II). 7:05 Newyddion/News. 7:10 Gwyl Gorawl Cymru. 7:55 Wigwam Yn Y Ddinas. 8:35 Dechrau Canu, Dechrau Canmol. 9:05 Hunllef Yng Nghymru Fydd. 10:50 American Football. IBA Regions as London except at the following times:-

ANGLIA
12:30 Here Come The Double Deckers. 12:55 Anglia News. 5:35 Combat - Battle Of The Regiments. 6:35 Anglia News And Weather.

BORDER
12:30 The Great Santa Claus Caper. 12:55 Border News. 1:00 ITN News. 1:10 Coronation Street. 5:35 Scotsport Review Of The Year. 6:35 Border News.

CENTRAL
12:30 Cover Story. 12:55 Central News. 1:10 Coronation Street. 5:35 Combat - Battle Of The Regiments. 6:35 News.

CHANNEL
12:30 Cover Story. 5:35 Combat - Battle Of The Regiments. 6:35 Channel News. 1:30 Film: What's The Matter With Helen? 3:25 Going Undercover. 5:00 Snow White Christmas Special.

GRAMPIAN
12:30 Jack Thompson Down Under. 12:55 Grampian Headlines. 1:10 Coronation Street. 2:05 Cartoon. 2:15 Combat - Battle Of The Regiments. 3:10 Bullseye New Year Special. 3:40 Ski Tips. 4:10 The Best Of Italia '90. 5:00 Scotsport Review Of The Year. 6:00 Wheel Of Fortune Celebrity Special.

GRANADA
12:30 Here Come The Double Deckers. 1:10 Combat. 5:35 Coronation Street. 6:35 News.

HTV WEST
12:30 Newsweek Review Of The Year. 12:55 HTV News. 1:10 Coronation Street. 5:35 Combat - Battle Of The Regiments. 6:35 HTV News.

HTV Wales as HTV except:
12:30 Spectacular World Of Guinness Records.

SCOTTISH
12:30 Glen Michael's Cartoon Cavalcade. 12:55 Scotland Today. 2:05 Carols From Kirkwall. 3:25 Winter On Scottish. 3:30 Country In Concert With Daniel O'donnell. 4:30 Combat. 5:35 Scotsport Review Of The Year 6:35 Scotland Today.

TSW
12:30 The Great Santa Claus Caper. 12:55 TSW News. 1:10 Fisheries News. 1:25 Out Of Limits. 1:35 Little Boy Bluestein. 5:35 Coronation Street. 6:35 TSW News.

TVS
12:30 TVS News. 12:33 Cover Story. 12:58 TVS News. 5:35 Combat - Battle Of The Regiments.

TYNE TEES
12:25 Jack Thompson Down Under. 12:55 Regional News. 1:10 Combat - Battle Of The Regiments. 5:35 Coronation Street.

ULSTER
12:30 Gardening Time. 12:55 Ulster Newstime. 1:10 Combat - Battle Of The Regiments. 5:35 Coronation Street. 6:35 Ulster Newstime. 9:45 Ulster Newstime.

YORKSHIRE
12:25 Goals Of The Year. 12:50 Calendar News. 1:10 Coronation Street. 5:35 Combat - Battle Of The Regiments. 6:35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
4:00 Dave Bussey. 6:00 Graham Knight. 8:05 Ronnie Hilton. 9:00 Brian Matthew. 10:00 Sue Cook. 12:00 Gerald Harper. 1:30 Pull The Other One. 2:00 Wayne Sleep. 3:00 John Stalker. 5:00 Joe Longthorne And Friends. 6:00 Country Greats In Concert. 7:00 The Abc Quiz. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 Angela Rippon. 12:05 Cleo Laine. 1:00 Colin Berry.

BBC RADIO 3
6:55 Fm: Weather And News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 Giovanni Legrenzi.
9:30 Saturday Review.
12:55 Words.
1:00 News.
1:05 Brass At The Colston Hall.
2:00 BBC Symphony Orchestra.
3:55 Schumann And Goehr.
5:00 Jazz Record Requests.
5:45 A Small Town In Germany.
6:30 Les Huguenots.
11:00 Four Runyon Rogues.
11:20 Charles Ives.
11:35 Mw: Test Match Special.
12:00 Fm: News.

BBC RADIO 4
5:55 Shipping Forecast.
6:00 News Briefing; Weather.
6:10 The Farming Week.
6:55 Prayer For The Day.
7:00 Today.
9:00 News. 9:05 Sport On 4.
9:30 Breakaway.
10:00 News; Smash Of The Day.
10:30 And Now In Colour... Xmas Special.
11:00 News; Far From The Madding Crowd.
12:00 Money Box.
12:25 News Quiz Of The Year.
12:55 Weather.
1:00 News.
1:10 The Moral Maze.
1:55 Shipping Forecast.
2:00 News; Masterbrain.
2:30 Saturday Playhouse.
4:00 News; Dan Dare Meets Judge Dredd.
4:30 Still A Special Agent.
5:00 Voices Off.
5:50 Shipping Forecast.
5:55 Weather.
6:00 News; Sports Round-Up.
6:15 Twinkle Twinkle Little Star.
7:10 In The Psychiatrist's Chair.
7:45 Classic Serial: The Forsyte Chronicles.
8:45 The Bee-Loud Glade.
9:10 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 Kentwell.
11:00 Journey To Java.
11:30 Steve Ross In Cabaret.
12:00 News.
12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service: Newsdesk. 6:30 Morning Edition. 9:02 On Your Marks. 12:00 News; Sport On 4 Plus 1. 1:30 Sport On 5. 5:00 Sports Report. 6:00 As Radio 4. 10:00 Sport. 10:15 As Radio 4. 11:00 Sport. 11:10 World Service. 12:00 News & Sport. 12:10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 5:00 German Features. 5:35 News In German; Headlines In English And French. 5:47 Press Review. 5:52 Financial News. 5:56 Weather And Travel News. 6:00 Newsdesk. 6:30 Londres Matin. 6:59 Weather. 7:00 World News. 7:09 Twenty-Four Hours/News Summary. 7:30 From The Weeklies. (A2) 7:45 Instruments Of The Orchestra. 8:00 World News. 8:09 Words Of Faith. 8:15 A Jolly Good Show. 9:00 World News. 9:09 Review Of The British Press. 9:15 The World Today. 9:30 Financial News. 9:39 Sports Roundup. 9:45 Network Uk. 10:00 News Summary. 10:01 Here's Humphi. 10:15 Letter From America. 10:30 People And Politics. 11:00 World News. 11:09 News About Britain. 11:15 Club 648. 11:30 Midi Ma gazine: News And Features In French. 11:59 Travel News. 12:00 Newsreel. 12:15 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:09 (A1) Twenty-Four Hours/News Summary. 1:30 Network Uk. 1:45 Goodbooks. 2:00 News Summary. 2:01 John Peel. 2:30 Sportsworld. 3:00 Newsreel. 3:15 Sportsworld Contd. 4:00 World News. 4:09 News About Britain. 4:15 BBC English. 4:30 News And Features In German. 4:58 Trav el News. 5:00 News Summary. 5:01 Sportsworld: Final Results. 5:30 Londres Soir: News And Features In French. 6:14 News Headlines In English. 6:15 (A1) BBC English. 6:30 Heute Aktuell: News And Sport In German. 7:00 German Features. 7:54 News In German. 8:00 World News. 8:09 Society Today. 8:25 Words Of Faith. 8:30 Meridian. 9:00 News Summary. 9:01 Sports Roundup. 9:15 Short Story: The Misinterpretation. 9:30 From Our Own Conespondant. 9:50 Write On.... 10:00 Newshour. 11:00 World News. 11:05 Words Of Faith. 11:10 Book Choice. 11:15 A Jolly Good Sh ow. 12:00 Newsdesk. 12:30 Play Of The Week: Treasure Island. 2:00 World News. 2:09 Review Of The British Press. 2:15 They Made Our World. 2:25 Book Choice. 2:30 Bury My Heart At Wounded Knee. 3:00 World News. 3:09 News About Britain. 3:15 Societytoday. 3:30 From Our Own Cor respondent. 3:50 Write On.... 3:59 Weather. 4:00 Newsdesk. 4:30 Personal View. 4:45 News And Press Review In German.

SUNDAY

BBC RADIO 2
4:00 David Allan. 6:00 Graham Knight. 7:30 Don Maclean. 9:05 Richard Baker. 11:00 Desmond Carrington. 2:00 Anne Shelton. 3:00 Alan Dell. 4:00 The Radio Orchestra Salutes. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 Close-Up Of Agatha Christie. 7:30 Jameson At The Opera. 8:30 Sunday Half-Hour. 9:00 Robin Ray On Record. 10:00 Angela Rippon. 12:05 Mel Torme. 1:00 Colin Berry.

BBC RADIO 3
6:55 Weather.
7:00 Morning Concert.
8:30 News.
8:35 Cantatas In Contrast.
9:15 A Serious Matter.
10:15 Music Weekly.
11:00 Bach's B-Minor Mass.
1:00 News.
1:05 Your Concert Choice.
2:30 Chamber Music From Birmingham. 4:05 Charles Ives. 5:00 Christmas Quiz.
6:00 Between Her Bosom And His Hayre.
7:00 La Raphaele.7:30 Sunday Play.
9:15 Uchida Plays Beethoven. 11:30 Magnificat.

BBC RADIO 4
5:55 Shipping Forecast.
6:00 News Briefing; Weather.
6:10 Prelude.
6:30 News; Morning Has Broken. 6:55 Weather.
7:00 News. 7:10 Sunday Papers. 7:15 On Your Farm.
8:50 Appeal.8:55 Weather.
9:00 News.
9:10 Sunday Papers.
9:15 Letter From America.
9:30 Morning Service.
10:15 The Archers.
11:15 News Stand.
11:30 Pick Of The Week.
12:15 Desert Island Discs.
12:55 Weather.
1:00 The World This Weekend.
1:55 Shipping Forecast.
2:00 Gardeners' Question Time. 2:30 Sunday Playhouse.
3:30 Whistling Up!.
4:00 News; Captain Pepper's Autograph Album.
4:47 Time For Verse.
5:00 News; Down Your Way.
5:40 Smith On Old Age.
5:50 Shipping Forecast.
6:00 News.
6:15 Let It Be Sardinia!.
6:30 Concerto. 7:30 Bookshelf.
8:00 Correspondents' Look Ahead. 9:00 Bloopers.
9:15 The Natural History Programme. 9:59 Weather.10:00 News.
10:15 Singin' In The Rain.
11:00 Hoax!.
11:30 Seeds Of Faith.
12:00 News.12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service. 7:30 Sunday Edition. 9:02 This Family Business. 10:30 Barying Degrees. 11:00 Soundwaves. 11:30 Families. 12:00 Sport. 12:15 Desert Island Discs. 1:00 Sport; A Vous La France!. 2:00 Sport. 2:03 As Radio 2. 3:00 Sunday Sport Extra. 5:00 Sport. 5:02 As Radio 4. 5:45 Celebrity Stories. 6:00 Sport: Last In The Present Series. 6:30 Catt O'nine Tales. 7:00 As Radio 1. 9:30 Across The Line. 11:00 Sport. 11:05 World Service. 12:00 Sport.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 5:00 German Features. 5:35 News In German, Headlines In English And French. 5:47 Press Review. 5:52 Financial Review Of The Year. 5:56 Weather And Travel News. 6:00 Newsdesk. 6:30 Londres Matin. 6:59 Weather. 7:00 World News. 7:09 Twenty.Four Hours/ News Summary. 7:30 From O ur Own Correspondent. 7:50 Write On.... 8:00 World News. 8:09 Words Of Faith. 8:15 Music For A While With Richard Baker. 9:00 World News. 9:09 Review Of The British Press. 9:15 The Learning World. 9:30 Financial Review. 9:40 Book Choice. 9:45 Society Today. 10:00 News Summa ry. 10:01 Science In Action. 10:30 In Praise Of God. 11:00 Worldnews. 11:30 Midi Magazine: News An:l Features In French. 11:59 Travel News. (A 2) 12:00 News Summary. 12:01 Play Of The Week: Treasure Island. 1:00 News And Twenty-Four Hours On Sunday. 1:45 Sports Roundup. 2:00 News Summary. 2:01 The Fount Of Learning. 2:30 Tim Rice's Christmas Past. 3:00 Newsreel. 3:15 Concert Hall. 4:00 World News. 4:09 News About Brita in. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World News. 5:09 Book Choice. 5:15 Club 648. 5:3 0 Londres Soir. 6:14 News Headlines In English. 6:15 BBC English. 6:30 News And Features In German. 7:54 News In German. 8:00 World News. 8:09 Personal View. 8:25 Words Of Faith. 8:30 Hoax Christmas Special. 9:00 News Summary. 9:01 Sports Roundup. 9:15 Music For A Whil e With Richard Baker. 10:00 Newshour. 11:00 World News. 11:05 Words Of Faith. 11:10 Book Choice. 11:15 Letter From America. 11:30 Th e Fount Of Learning. 12:00 Newsdesk. 12:30 In Praise Of God. 1:00 News Summary. 1:01 With Great Pleasure. 2:00 World News. 2:09 Revi ew Of The British Press. 2:15 Andy Kershaw's World Of Music. 2:30 Composer Of The Month. 3:00 World News. 3:09 News About Britain. 3:15 Good B ooks. 3:30 Tim Rice's Christmas Past. 3:59 Weather. 4:00 Newsdesk. 4:30 Letter From America. 4:45 News And Press Review In German.

CHESS

GARY KASPAROV retained his world title this week when he outplayed Anatoly Karpov in their marathon three month, $3m series in New York and Lyon. Kasparov's margin of 12-10 (four wins, 16 draws and only two defeats) was convincing, though it fell short of the predicted lead based on international ratings. Play continues tonight as Kasparov needs half a point for an overall win.

Kasparov functioned only intermittently with the full and awesome power of the highest ranked grandmaster in the game's history. He began brilliantly in game two, and ended with a crescendo of sacrifices in game 20, but in between there were episodes where his impatience foundered against Karpov's quiet consistency.

Kasparov lost game seven when he forgot an elementary tactic, and was on the verge of defeat in game eight where Karpov failed to drive home his advantage. Karpov missed several chances to take the lead in mid-match which he would surely have taken in his peak years of 1977-1984. The 102-move marathon of game 16 probably exhausted his physical reserves. It must have been fatigue when in game 18 Karpov stared at the board for a record 64 minutes then failed to make the utterly obvious recapture of a sacrificed pawn.

Karpov is 39, and it looks as if his classic rivalry with Kasparov is ending. The next challenge, in 1993 ,is likely to come from the rising Soviets Gelfand and Ivanchuk, or, perhaps, Britain's Nigel Short. But the greatest danger to Kasparov is himself – the ennui of the champion with no more peaks to climb.

PROBLEM No 853

BLACK 7 MEN

WHITE 8 MEN

A variant from Kasparov v Karpov, game 14. It looks good for Black, who is material up with his queen and rook deep in the white position. If 1 Qxf2 Qxc1+. But Karpov rejected this position with Kasparov (White) to move. Why?

Solution Page XIV

Leonard Barden

BRIDGE

THIS HAND comes from a rubber. Dealer, S. Love All:

N
♠ J 6 5
♥ 7 4
♦ K 6 4
♣ 9 8 6 5 3

W
♠ Q 7
♥ 8 2
♦ A J 10 9 3
♣ J 10 7 2

E
♠ 9 8 4 3 2
♥ K J 10 3
♦ 8 7 2
♣ Q

S
♠ A K 10
♥ A Q 9 6 5
♦ Q 5
♣ A K 4

Last week, playing *partie fixe* with Derek Rimington, I bid 2NT on my 22 points, and my trusting partner raised to 3NT. W led DJ. Taking with DQ, I made CA, E dropping CQ, and followed with CK and C4. W won and played DA and D3 to dummy's DK. I led H4 and finessed HQ, which held, and followed with HA and H5. E won with HJ and played S9. Taking with SA, I led H6 to set up my suit and made my contract. Not unlucky.

To cash DA at trick five was an error – West should have played D3 – but I can still get home. Taking with the DK, I then finesse HQ and cash HA. Now I am forced to play W for the SQ doubleton, and that comes off. If, because I have a five-card major, I bid 1H, that is end of auction.

This is also from a rubber. Dealer, S. EW game.

N
♠ Q 8 5
♥ 10 6
♦ A Q 2
♣ A J 7 5 4

W
♠ K 9 6
♥ J 9 8 7 2
♦ 10 9 4 3
♣ 9

E
♠ 10 7 4 3 2
♥ Q 5 4
♦ K J 6
♣ K 3

S
♠ A J
♥ A K 3
♦ 8 7 5
♣ Q 10 8 6 2

S bid 1NT, N raised to 3NT, and W led H7. Dummy played H10, E the HQ, which held. Now winning H5, S ran CQ, losing to CK, and E returned H4 to clear partner's suit. Then after running four clubs, S finessed the DQ, E won, and returned S3, South finessed SJ, and went two down.

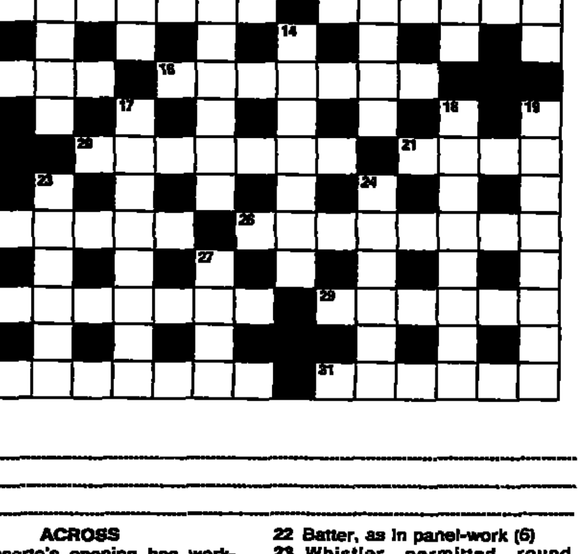
A very poor performance. After winning trick two, S should play SJ to remove the only possible entry W can hold. W takes and forces out HK. Declarer runs CQ, which loses to CK, but nothing can prevent him from getting home with four clubs, one diamond, and two tricks from each major.

E P C Cotter

CROSSWORD

No. 7,429 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 9, marked Crossword 7,429 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 12.



Name...

Address...

ACROSS

1 Concerto's opening has work-through with superb conductor (6)
4 Smartest sort of bed? (8)
9 Hand in the drink, anybody? (6)
10 Information given in factory that has resonant sound (8)
12 Where striker stands and what for? (8)
13 Press-chief rioted, unusually (6)
15 Lines right for European flower (4)
16 First-day cover (3-4)
20 London, for example, is splendid (7)
21 Fish-spear (4)
25 Come down in flames (6)
26 It went to Falstaff's head when he hit the sack (8)
28 Extended stay in the field (4-4)
29 Conservative means to turn – ingenious! (6)
30 Tolerance of a Savoyard (8)
31 Kicks off, sets ball rolling (6)

DOWN

1 Throw hard and strong (4-4)
2 Can't help being struck in the mint (8)
3 Topcoat for fellow in general uprising (6)
5 Friend of everybody on the fourth of July (4)
6 One fated, cruelly, not to understand Beethoven (4-4)
7 First of · evening's splits – items in sports programme (6)
8 Tries a change in burlesque (6)
11 Here's hopin' for a pain-killer (7)
14 Dreadful cinema equipped with spring inside (4-3)
17 Dotty painting? (8)
18 Find record finished (8)
19 Longfellow's Venus (8)
22 Batter, as in panel-work (6)
23 Whistler permitted round pub . . . (6)
24 . . . . and tea allowed in Swiss, Cottage, say (6)
27 Menagerie short, in charge of animals (4)

Solution to Puzzle No.7,428

M	A	N	I	F	E	S	T	O	■	H	O	U	S	E
A	■	O	■	R	■	T	■	F	■	U	■	B	■	T
J	U	M	B	O	■	O	F	F	E	R	T	O	R	Y
O	■	I	■	N	■	R	■	B	■	D	■	A	■	M
R	I	N	G	T	A	I	L	E	D	■	O	T	T	O
■	■	A	■	B	■	E	■	A	■	G	■	■	■	L
H	A	T	T	E	R	S	■	T	O	R	N	A	D	O
O	■	E	■	N	■	■	■	■	■	E	■	U	■	G
R	E	D	U	C	E	D	■	S	W	E	E	T	L	Y
S	■	■	■	H	■	I	■	A	■	N	■	H	■	■
E	E	L	S	■	G	A	L	L	U	P	P	O	L	L
W	■	O	■	P	■	R	■	I	■	A	■	R	■	A
H	E	S	E	L	T	I	N	E	■	P	R	E	S	S
I	■	E	■	A	■	E	■	N	■	E	■	S	■	T
P	A	R	T	Y	■	S	A	T	I	R	I	S	T	S

Solution to Puzzle No.7,420

■	S	P	E	C	I	A	L	A	G	E	N	T	■	■
R	■	E	■	R	■	R	■	T	■	X	■	I	■	P
O	R	A	T	I	O	N	■	M	A	T	A	D	O	R
M	■	T	■	S	■	O	■	O	■	R	■	O	■	O
A	M	B	I	T	■	■	E	S	C	A	L	L	O	P
N	■	O	■	A	■	B	■	P	■	■	■	E	■	O
N	I	G	H	T	L	I	G	H	T	■	A	R	E	S
U	■	■	■	E	■	L	■	E	■	O	■	■	■	E
M	A	S	H	■	F	L	O	R	I	B	U	N	D	A
E	■	E	■	■	■	P	■	E	■	S	■	I	■	T
R	A	I	N	D	R	O	P	■	■	E	R	A	T	O
A	■	S	■	R	■	S	■	A	■	R	■	G	■	A
L	A	M	B	A	S	T	■	R	E	V	E	A	L	S
S	■	I	■	W	■	E	■	M	■	E	■	R	■	T
■	■	C	E	N	T	R	E	S	P	R	E	A	D	■

Mrs Cianchi, Lavendon, Bucks; T.B. Crammond, Chorleywood, Herts; Mrs A. Haighton-Smith, Harrogate, Yorkshire; B. Halstead, Oxford; Mrs J.E. Wight, Bromham, Bedford.

Private View

Pretty boy turned man of action

Christian Tyler meets an English Scarlet Pimpernel

TALL AND COOL, the triple-barrelled baronet had the luncheon club audience eating out of his hand. They chuckled as he told them how, failing to secure a place at Winchester, he was sent "in disgrace" to Eton. They nodded sympathetically at the failure of a hereditary system which left him a title, but no money or land. They hooted with delight at his attempt, while with the SAS, to blow up the film set of *Doctor Doolittle* in protest at the rape of England's prettiest village. They were open-mouthed as he described sitting on a fast-melting Arctic ice floe and hearing that Britain was at war – war with whom, he couldn't find out because the radio failed at that moment.

In sedentary, post-imperial Britain, Sir Ranulph Twisleton-Wykeham-Fiennes seems to satisfy a nostalgic craving for the elegant, upper class, utterly English man of action: a Scarlet Pimpernel, a Harry Flashman, or a James Bond – the role, incidentally, for which he was once auditioned.

Everybody needs heroes, but "Ran" (as he is called by everyone down to the doorman) says he does not like the idea of himself as hero. "It's the one thing that really curdles with me, this description as the Boys' Own hero sort of thing. It's pejorative."

Certainly in private Fiennes is anything but gung-ho; and if there is bravado in his nature it is suppressed, perhaps by the public schoolboy's fear of swanking. On the contrary, I found him rather serious, surprisingly trusting and even a bit anxious.

(The anxiety may have had a lot to do with the fact that it was the day Armand Hammer died, and Fiennes was effectively out of a job. Hammer, chairman of Occidental Petroleum, had employed Fiennes for the past six years as a sort of personal emissary and public relations man in Europe.)

With eight expeditions to his credit, including the first round-the-world trip through the poles, some have called Fiennes the greatest living explorer. So I asked him first what that it meant to be an explorer in a world whose every corner has been penetrated by TV crews. His answer was a surprise:

"I would never call myself an explorer, nor have I. In my passport it says 'travel writer'. Because I'm a traveller and I write about it and because the writing is as important as the travelling."

His last expedition was an unsuccessful attempt to walk to the North Pole with no outside support. I suggested that was rather like trying to crawl across the Sahara pushing a marble with your nose. What was the point of such trips?

"What is the point of going from A to B, a distance that happens to measure 100 metres, and waste your entire youth in trying to do it in nine seconds?" he replied.

"What is the point of learning to hit a football in a more clever fashion than your mates. What is the point of running 26.6 miles in only two hours and 13 seconds, or hitting balls all over the place with a bit of willow wood? Why do – not thousands – but hundreds of thousands of people do these absurd things?"

Why do *you* do them?

"For the same reason I suppose as all of the people we are talking about, whether they are called Gazza or Graham Gooch . . ."

I had read in his autobiography, *Living Dangerously*, that Fiennes had been an unself-confident child, fond of Divinity and not much good at games – on the cricket pitch, for example, he chose to play at long leg. His father, also called Ranulph, commanded the Royal Scots Greys, had a hero's war and was killed in action before his son was born.

So I put on my amateur psychiatrist's hat and asked whether that had been the influence.

"I think there is something in that. I had as I grew up a distinct desire to command the Royal Scots Greys. It was – what d'you call it? – a grail. If I had managed to get the A levels which I tried so hard to get, I would have gone to Sandhurst and if I had gone to Sandhurst I see no reason why I should not have achieved all that."

What picture of your father did your mother paint for you?

"He was a sort of perfect person. He had very clear-cut ideals. He did have a temper, but it was controlled, I think. All the people I have spoken to who knew him thought he was the best soldier's soldier they had come across. He took each man as an individual, something I have tried to apply on my expeditions."

Fiennes did join the army, went to Mons, volunteered for the SAS and was later seconded to the Sultan's Armed Forces in Oman.

At Eton, the young Sir Ranulph endured the misery of being dubbed a "tart" – the word indiscriminately applied to all pretty boys. I reminded him that in his book he says he found it a particularly wretched experience.

"Yes I did. Yes. Much more than anything else ever."

He dealt with the slurs by taking up scowling, and then boxing; indeed, he boxed his way to the school light-heavyweight title. Today he resists the suggestion that his later career as professional expeditionary had anything to do with childhood. When he left the army, he desperately needed a job.

"By that stage any of this psycho-introverted stuff was rather irrelevant. I got married and I needed to make a living and the only thing I had done was to teach people skiing, mountaineering, cross-country, adventure training.

"I tried to get jobs, you know. But one had nothing on one's CV. That might make a funny for a lecture but it was not funny at the time. Luckily my wife Ginnie wasn't looking for someone who was very rich, and by very slowly getting up expeditions we started to make a living."

"If I had wanted to be macho I could have gone off to be a mercenary. I could have done all sorts of very macho things, rather than sitting in a grotty office trying to get together a career. For 12 years at 18 quid a time I went round town halls speaking to old ladies, you know, just to get money into the kitty."

Money, paying the gas bill, is the dominant theme of a conversation with Ranulph Fiennes. It was not the main, it was the *only* motivation behind his adventurous career, he said.

At the same time he rejects the the accusation that his trips have proved little or nothing of interest. This summer, he was awarded £100,000 libel damages (he has yet to see the money) against the Canadian magazine *Maclean's* for saying that no-one had ever been able to demonstrate any scientific or historical benefits.

'At Eton, the young Sir Ranulph endured the misery of being dubbed a tart'

But you admit the science is secondary?

"Yes. But don't forget that for the people doing the scientific work on the expeditions, it is the be-all and end-all. It's immaterial what the leader, the organiser, may think."

Was it Field-Marshal Montgomery who showed his approval of people by saying they were "someone you could go into the jungle with."? I asked Sir Ranulph what sort of character he looked for.

"What I do is subject them over quite a long period of time to a thing like the SAS training route in Wales. In one case, I took a man who had been with us for three years, an excellent person who I thought was the best of the bunch, got him down to minus 45 and . . . well, there seemed to be a transformation. About that temperature he just fell to pieces."

So what kind of character do you want?

"People are very badly designed for getting on with each other. So firstly, a basic good nature towards their fellow human beings, even under stress – they are a a rare commodity, people who don't look for blame outside themselves. And secondly, patience.

What about yourself, I asked? Would you choose *you* to go on an expedition?

"Well, I am good-natured. I'm not naturally malicious and that's one reason I didn't weather the school very well. In terms of patience, my father's temper didn't start coming out until I was about 35. But I get pretty irritable over some things now. I wouldn't get full marks under the second heading."

I tried one last tack. Have you proved something to yourself, I asked?

"Not really. But at least I've reached the age of 45 and been able to support the family and remain self-employed. I think that's enough to maintain one's self-respect. But I haven't achieved what I originally wanted to achieve. Some people are born brainy, and others aren't."

The dope on the fast set

Michael Thompson-Noel

BRITISH HORSE racing is in such disarray that I threw a small party this week for four of my closest friends.

The sport of queens is plagued by so much talk of doping, race-fixing and recession that I thought the moment ripe for us to meet and bounce ideas off one another, move things from the back burner to the front, compose a fresh agenda, re-level the playing field – try and unlatch a window of opportunity through which the sport could struggle into 1991 without surrendering its dignity.

I hired a nice room at the Connaught and laid on plenty of fizz and black stuff: sandwiches stuffed with black stuff, pies oozing black stuff, a quivering gateau of black stuff topped by a petite sculpture of a racehorse, its little hooves drumming along a tiny track of black stuff as it flashed towards a finishing post coated and shining with black stuff.

HAWKS & HANDSAWS

It was a memorable evening, though we did not find time to settle any of racing's ills. My guests were Sheikh Walli Al-Kaljabi, who owns 3,750 racehorses; Lady Catherine de Moubray-ffrench-Moubray, who owns just four; Richard Chessington-Pearce, who trains 240 horses in Berkshire, some of them royally-owned; and the legendary Jack Hillbrooke, chairman of Hillbrooke's the bookmakers.

You will not have heard of these people. I am the only journalist who knows them. They lead glamorous – but secret – lives, for they are denizens of the most inaccessible tier of high society.

To start things rolling, I broached the delicate subject of the Aga Khan's recent decision to quit British racing because of an argument with the Jockey Club over standards of dope-testing. There are those, I am afraid, who maintain that it is the Jockey Club that should be dope-tested regularly, not the Aga's horses, because the Aga is deeply loved and respected, whereas the Jockey Club is full of dopes.

Richard Chessington-Pearce stayed mute on the subject of the Jockey Club. People who train for royalty are generally mute, though Chessington-Pearce, who has a degree, is an exception to racing's golden rule: the better the trainer, the bigger the twit.

Nor would Jack Hillbrooke be drawn on the Jockey Club. Jack has too many irons in the fire for that. Over the years, Hillbrooke's has siphoned £150m out of British racing. Its empire is now so vast that Jack is a special adviser to Mikhail Gorbachev, for whom he plans to build several theme parks east of Moscow. (They hope to break the sod at "KayGeeBee-World" next autumn).

Lady Catherine de Moubray-ffrench-Moubray, a vivacious redhead with a redhead's temper – only her young chauffeur appears to be immune – said that members of the Jockey Club should be horse-whipped through Newmarket for hounding the Aga.

Which left us with Sheikh Walli. Sheikh Walli owns so many racehorses that by 1992 it is predicted that he will be the leading racehorse owner in 57 different countries. We looked at him fondly. He was spooning in the black stuff as fast as his mouth could work.

"Remember the proverb," said Sheikh Walli. "If the stone falls upon the egg, hard luck on the egg. If the egg falls upon the stone – hard luck on the egg."

That left us speechless for quite some time.

"Sad as the Aga's departure may be," I said at last, "I suppose a bigger problem for racing is the shocking lack of prizemoney and the impact of recession."

Incredible as it may sound, racehorse owners in Britain lose about 80 per cent of their outlays because the prizemoney is so derisory. The number of horses is falling, and almost half Britain's trainers are thinking of quitting.

Chessington-Pearce blamed the government, for stealing so much in betting tax; Lady Catherine blamed the bookies. She said: "They are crucifying the punters; the sport is being pauperised. They ought to be horse-whipped."

I turned to Jack Hillbrooke. "What do you say, Jack? Are the bookies to blame? What about GREENGOD-V, your supercomputer program purchased in North Korea. I know that its main job is to wage Star Wars on rival bookies and to formulate solutions to the problems for racing posed by global warming – changes in the going, ruptured form-lines. But I imagine it has run its eye over the finances of racing?"

Jack smiled thinly. The sound of his voice is like vodka over pebbles. He said: "I wish I had a solution, but I have had to pull the plug on GREENGOD-V. It was making me heaps of money but it overstepped the mark.

"You will find this amazing, but it was GREENGOD-V that caused Margaret Thatcher's downfall by manipulating the election betting. I am sure you know your chaos theory – the beating of butterfly wings causes an avalanche which starts a war which means that Mars gets colonised sooner than expected? All music to the ears of GREENGOD-V. Having whipped up the challenge to Maggie Thatcher, it stabbed poor Michael Heseltine and promoted its own candidate, little Johnny Major – all by finagling the betting market.

"But that wasn't all. Much worse is in store. I discovered that GREENGOD-V had also . . ."

At that moment there was a knock on the door and two policemen strode in. "Sorry to break up the party," said the senior of the two, "but we are acting on a tip-off. We have reason to suspect that that black stuff has been spiked with prohibited substances. You have the right to remain silent, but I must caution you that . . ."

SPORT

A shadow falls on the golden fields

Philip Coggan rehearses the sporting tales he will tell his grandchildren

I AM sure that, in my old age, I shall bend the ears of youngsters with details of the sporting delights of 1990.

Like the day in April, when I switched on BBC1 at 11am and had scarcely moved from the sofa by 1am the next day. First, Crystal Palace beat Liverpool 4-3, after extra time in one FA Cup semi-final. I felt the next game had to be an anti-climax. It was not. Manchester United and Oldham drew 3-3 in a game that was almost as exciting. But I only had a brief respite before watching Nick Faldo clinch the US Masters after – what else? – a play-off.

Cultural snobs drone on about the banality of television, but we are privileged to see sporting events previous generations could only dream about. And talking of dreams, my other great memory of 1990 was of the old dusty pages of *Wisden* coming to life.

The records show the 30s as the age of triple centuries from Bradman and Hutton and England scoring 903-7 declared. To me, it all seemed as remote as the debate about the gold standard. But last summer double centuries seemed so common that batsmen who made merely a century were disappointed and those out for 50 had failed dismally.

Under a baking sun, I sneaked away one lunchtime to the Oval and saw Ian Greig – a decent player, but no Bradman – on his way to 291. Surrey scored 707 but finished well behind on first innings, as Fairbrother reached 366 and Atherton a paltry 191.

In spite of the signs of regression shown on the current Australian tour, England's cricketers had a much more encouraging year. After a decade of embarrassment they gave the West Indies a good game. More miraculously, they won two series – against India and New Zealand. The wheels may have come off in Australia, but the vehicle is at least roadworthy.

While cricket recalled its golden eras, the same could not be said of football in the World Cup. Somehow the best team lost in the semi-finals. And no, I do not mean England but Italy, who played with the skill and panache of previous Italian teams but without the brutality.

The only explanation for that awful final is that the organisers, mindful of the need to attract the US audience in 1994, decided to replace the football with an impromptu Oscar ceremony.

Best actor award went to Jurgen Klinsman, for his performance after being tripped at the ankles, falling over, rolling five yards and standing up clutching his head as if his assailant had been Bruce Lee. Best supporting actor went to Maradona for his gesticulating, rolling eyes and tears.

England enjoyed a run of luck that turned them, in the eyes of the press, from no-hopers into brave heroes. A narrow win over Egypt, a fortunate win in the dying seconds against Belgium and a heart-stopping victory over Cameroon took England into the semi-finals. That they should have then played better than ever and lost was in keeping with the insistent irony of the scriptwriter.

And then there was Gazza. Yes, we love the skill, we can forgive the tears, but do we need the petulant dissent, the flailing two-footed tackles and, worst of all, the hilarious (but only to 11-year-olds) fake female frontage?

It would not be that surprising if, in five years, the less flamboyant David Platt was seen as the better player. Although not as flashy as Gascoigne, the way he volleyed the winning goal against Belgium showed a remarkable degree of skill.

Meanwhile, Scotland lived down to their record in previous World Cups; losing to Costa Rica, storming back against Sweden and then losing in the last few minutes to Brazil.

At least the Scots had their rugby team to console them. In the crucial grand slam showdown, the speed and strength of the Scottish loose forwards outweighed the flair of the English backs.

Rugby League must also have won a few converts. I had found the game static and ponderous, but the first Test between Britain and Australia was full of movement and individual moments of flair.

Boxing, in contrast, must be losing fans in droves. Can any sport be administered in a more ridiculous fashion? There are now four world authorities, which at some weights means four different champions. The title of world champion has become meaningless, particularly after the defeat of Mike Tyson. As Tyson is finding, earning a shot at a title seems more dependent on the skill and influence of a fighter's manager or promoter than on his ability in the ring.

Nick Faldo: clinched one of the year's golden sporting moments

The influence of commercialism was also plain to see in the selection of Atlanta as the site for the 1996 summer Olympics, just 12 years after Los Angeles was the host city. Athens' appeals to romanticism and tradition fell on deaf ears.

It may seem the gravest hypocrisy for people like me to complain about the commercialisation of sport. Without the money of sponsors and advertisers, we would never have the chance to experience the thrills of many of the world's greatest sporting competitions.

My fear is that this is a brief "democratic" age in which sport is available to all, before the demands of business take sport away from the people. The warnings are there in the growing domination of key events by corporate entertainment and satellite television. In 1991 we shall have to be keep our eyes on more than just the ball.

Year when normal service was interrupted

IN KEEPING with tradition, I offer my world tennis rankings for 1990, which have been more difficult to compile than usual.

Not surprisingly, the men's list differs from the official rankings which this year are based only on the best 14 results of each player. Furthermore, the ATP points structure places too little emphasis on the four grand slam events.

For the first time since 1966 all eight of the singles titles at these four championships have been won by different people. There have been some bewildering failures, none more shocking than Stefan Edberg's two losses in the first rounds of the French and US Opens or his defeat by Michael Chang at the same stage of the Compaq Grand Slam Cup.

In spite of those setbacks, the athletic Swede was marginally better throughout the year than Ivan Lendl, the man he displaced at the top of the ATP rankings in August. The decision of the ITF's panel of former champions Fred Perry, Frank Sedgman and Tony Trabert to award the title of official world champion to Lendl (who himself insisted that the award should have gone to Edberg) has caused general dismay.

Edberg's seven tournament wins from 12 appearances in finals were better than anyone else could manage. Lendl (five wins from six finals) won their meeting in the title round of the Australian Open when Edberg had to retire with an injured stomach muscle, but thereafter the American-based Czech could not reach another grand slam final and lost in the quarter-finals at the US Open. Edberg, on the other hand, claimed a second crown at Wimbledon where he beat Lendl in the semi-finals.

Andre Agassi was the only man besides Edberg to reach two grand slam finals, and his disappointing losses in Paris and New York were balanced by a superb season-ending performance in Frankfurt, where he beat Edberg in the final to become the first winner of the ATP tour championship.

In September Pete Sampras, aged 19 years and 28 days, became the youngest-ever winner of the US Open. From that moment his place in tennis history was assured, though he earns the No 4 spot on my list by virtue of his additional successes in Philadelphia and Manchester and his recent win in the Compaq Grand Slam Cup where he destroyed Chang and Gilbert in much the same imperious way he had dismissed Lendl, McEnroe and Agassi at Flushing Meadow.

It is strange to see Becker at No 5 when he appears at No 2 on the ATP list. However, last year's world champion could win only half the ten tournament finals he reached, and lost his Wimbledon title to Edberg in his only grand slam final. By his standards it was a poor year, in spite of a majestic performance in Stockholm against Edberg.

The season ended for Andres Gomez on June 10 when he won his first grand slam title in Paris. Before that he had been a finalist in Philadelphia and had won on clay in Barcelona and Madrid, but afterwards there was nothing to prove. Who could blame the likeable Ecuadorian for spending the rest of the year celebrating? At the age of 30 he is not expecting to improve.

Below Gomez the next three players choose themselves. Thomas Muster (French Open semi-final plus three wins from five finals), Goran Ivanisevic (Wimbledon semi-final, French Open quarter-final and one win from five finals) and Emilio Sanchez (two wins from seven semi-finals) are well clear of their pursuers. The last place goes to a rejuvenated John McEnroe whose win over Sanchez at the US Open *en route* to the semi-final was the most entertaining battle of the year.

As always the women, with their greater consistency, leave little doubt about the correct order of their rankings. Steffi Graf won in Australia at the start of a 66-match winning streak, was a finalist in France and New York and a semi-finalist at Wimbledon. The 21-year-old German won eight other tournaments. No-one had a record to match that.

By beating Graf in the Paris final at 16 and six months, Monica Seles became the youngest ever French champion. She had already beaten Graf in Berlin and by winning the season-ending Virginia Slims, as well as seven other titles, the grunting Yugoslav double-hander laid firm claim to the No 2 spot.

A new-look Gabriela Sabatini, transformed from moonballing baseliner to net-rushing tigress, was equally secure at No 3 by virtue of wresting Graf's title in New York – her first grand slam success.

The remarkable Martina Navratilova, who was first ranked No 1 back in 1978, is still in contention at the age of 34. Although she has slipped two places to No 4, her record ninth win at Wimbledon was one of the season's highlights.

Mary Joe Fernandez comes into the list for the first time at No 5 by winning two tour titles and reaching the final in Melbourne, the semi-final in New York and the quarter-final in Paris. Katerina Maleeva also appears for the first time and overtakes her sister Manuela (who remains at No 9).

Sanchez-Vicario, a semi-finalist at the US Open, is pipped for seventh by Zina Garrison, whose feat in beating both Seles and Graf at Wimbledon produced the season's two most exciting spectacles.

In last place is the exciting 14-year-old newcomer Jennifer Capriati, who set all sorts of records. The precocious American became the youngest-ever semi-finalist at her first grand slam event in Paris. Her rivalry with Seles and Graf promises to become the central theme of women's tennis in the next decade.

MEN: 1 Edberg (last year: 3), 2 Lendl (2), 3. Agassi (10),4. Sampras (–),5. Becker (1),6. Gomez (–),7. Muster (–),8. Ivanisevic (–),9. Sanchez (–),10. McEnroe (4).

WOMEN:1 Graf (1),2 Seles (5),3 Sabatini (4),4 Navratilova (2),5 Fernandez (–),6 Maleeva (–),7 Garrison (7),8 Sanchez-Vicario (8),9 Maleeva-Fragniere (9),10 Capriati (–).

John Barrett